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Editorial Notes.

Silver Jubilees :

We are gratified to note during this year many Central Banks are celebrating their Silver Jubilees. It is a happy sign on which the Movement can congratulate itself. In spite of the various factors affecting the growth of the Movement, these financing institutions have stood the test. During the period of depression most of them passed through anxious times. But they have all come out unscathed. The history of these institutions in some cases, reveals ups and downs; but on the whole they have done very well. We congratulate those in charge of the institutions for the care with which they have nourished them. When they were founded, there were misgivings everywhere. They were many who pronounced their fate in advance. It was doubtful if these babies would survive the onslaughts of capitalistic economy before they grew to manhood. Thanks to the strenuous and unceasing efforts of the Department which has watched their growth with tenderness, sympathy and understanding, and helped them to tide over many a difficult situation, the Central Banks have been able not only to look up but also look forward for greater opportunities of service. They have gained the confidence of

the public to such an extent that deposits are freely flowing in spite of the reduction in the rates of interest offered. At one time there was such a plethora of funds, some of the Central Banks had even to refuse deposits. But we believe that the financial needs of agriculture are so insistent that it should be possible to find outlets for their growing funds if only the Banks will bestir themselves and try to increase the number of societies as also their membership. We also feel the policy towards those co-operatives which are in arrears needs a radical change. We agree the problem of rural finance is not easy of solution. But who is better fitted to solve it than the Central Banks, especially with the generous support which they have been fortunate enough to secure from the public? These celebrations should, and we have no doubt, be occasions when a review of the past policy may be undertaken with a view to effect such changes as are necessary to increase their usefulness.

We shall not let go this occasion without acknowledging the part played by the Madras Provincial Co-operative Bank whose uniform support has enabled many a Central Bank to render timely service to the rural population. Sometimes risks have been taken which are anathema in a business organisation. But the fears proved groundless and the Banks have not usually failed to discharge their liabilities in time.

For the successful working of the Central Banks, the Provincial Bank, the Department, the public and above all the rural societies have all been responsible. It is difficult to assess the contribution of each. We have every hope these Banks will grow from strength to strength rendering greater service and playing a more conspicuous part in the rural economy of the Province.

Future of Consumers' Co-operatives :

Time and again we have emphasised the importance of the consumers' movement which has made such rapid strides taking advantage of the favourable circumstances created by the war. We have also expressed the hope that these war-time babies should be carefully nourished and strengthened so that they may continue to

play their part and serve the community even when normal conditions are restored. It has been possible elsewhere and it should be possible here also. But certain measures must be taken from now and vigorously followed so that they may not be taken unawares by the competition from the vested interests which they will have to face very soon. To rest on the oars and mark time is to invite the coming disaster. They will all be swept away in the current without even the last straw to catch. From now efforts should be systematically made to increase membership. All non-members who are now taking advantage of the facilities offered should be induced to become members. Facilities necessary especially in the case of the poorer sections of the population to save something and accumulate the savings for payment towards the share amounts, should be provided. Dividends should be reduced to a minimum to build up strong reserves. Whether dividends should be declared at all and even when they are declared if they should be drawn by the members instead of crediting the amounts towards share capital or deposits are also points for consideration. Either course would reduce the necessity for outside borrowings.

There is another direction also in which the consumers' movement must act to ensure its stability in the post-war period. It is true necessity is the mother of invention. But it cannot be denied that in actual working, the lack of trained personnel has been keenly felt. Stores are a specialised department of co-operative activity, involving a knowledge of grading, processing, marketing, etc. Training given in ordinary Co-operative Institutes where the co-operative personnel is trained, is not enough for the purpose. The problems to be tackled in the consumers' movement are different. If it is remembered that the consumers' co-operatives have to establish their reputation for quality of goods supplied, fair dealing, etc., and have to face cut-throat competition of the wholesalers and retailers whose business acumen, having been in the trade long, is unquestioned, no effort to improve the conditions of working of the stores is too great. Failure to rise equal to the occasion is sure to tell very soon. A prosperous balance-sheet may soon indicate a

state of affairs necessitating liquidation. We appeal in all earnestness that no time should be lost to strengthen the movement in all possible ways. As we have said more than once, to be fore-warned is to be fore-armed; but it should lead to some tangible steps.

Period of Loans:

Elsewhere we have published some correspondence relating to the operation of Rule 8-A of the Rules passed under the Act. Even at the time the amendment was proposed, there were protests; but they were not heeded. The Vijiaraghavachari Committee also went into this question and suggested some working principle in regard to grant of short, medium and long term loans. Even that was not acceptable. While we cannot entirely accept and support the reasoning given in the correspondence as it does not take into account the position of the financing banks whose deposits are mostly for short periods and therefore the conditions laid down when the societies draw their funds for their working from those sources have to be scrupulously observed, we endorse fully the hardships of the members of rural societies. If what has been suggested more than once by non-official co-operators is not acceptable, let some other way be found to meet the needs of agriculturists. Mere negative attitude will not be helpful. As this is a matter of more than ordinary importance, we would earnestly implore Government to give their earnest attention to this question. The Reserve Bank of India which lays down propositions for the guidance of the Co-operative Department cannot rest content by merely indulging in prohibitions. They should seriously consider and suggest ways and means for meeting the medium-term needs of the rural societies. We trust the attention of the Post-war Planning Committee has been drawn to this lacuna in co-operative finance and its recommendation will be based on the practical needs of the situation.

Rates of Interest:

On this topic also we have more than once written and pleaded that the rate charged to the ultimate borrower should bear some relation to the rate of borrowing by the financial banks. It cannot

be said the money market is tight. In fact the deposits are freely coming into the Provincial and the Central Banks in spite of the reduction in the rates of interest allowed. The point for consideration is whether there has been at least corresponding reduction in the rate charged to the ultimate borrowers in rural societies. If such a reduction is not possible, it is worth while examining why it is so. It is true the large increase in the number of consumers' co-operatives have enabled the financing banks to find a ready outlet for their funds. But it will be recognised, this is merely a temporary phase. The main-stay is the rural society. When the emergency is over, the consumers' co-operatives may not need such large funds as they are now drawing. Moreover, in the changed circumstances, it may not be wise for the financing banks to allow huge cash credits to them which sometimes bear no relation to their maximum borrowing capacity. The pivot of the co-operative movement is the rural credit society and the stability and progress of the Movement are largely dependent on the strength of the rural organisations. It is necessary now more than ever to devise ways and means of strengthening them and ensure their proper working by extending their activities to items other than mere provision of credit.

It has been suggested that in view of the difficulties experienced in regard to reduction in the rate of interest and increase in the period of loans, another organisation on the lines of the Farm Credit Administration in the United States of America, may be started to meet all the credit needs of the rural population. While we have not yet formed definite views on the subject, our predilections are for the present against such a new organisation, whose existence will only complicate matters further. It is far better to adjust the co-operative movement to meet the growing needs of the rural population consistent with safety and efficiency than start another organisation which cannot but possess some of the characteristics at least of the capitalistic economy. Above all, it is doubtful if any organisation can ensure the observance of the co-operative

principles of mutual knowledge and mutual trust so very essential in the interests of rural economy. It may be remembered on this, among other grounds, even the introduction of limited liability principle in rural societies is being opposed in certain influential quarters. The question bristles with difficulties and it is not so easy of solution as arm-chair co-operators without adequate knowledge of rural conditions propose to solve it. Every one interested in the Movement must bestow his thought on this subject.

Co-operative Housing :

A great deal of attention is being given to the problem of Post-war Housing in other parts of the world. In spite of the acute shortage of housing accommodation, it is regretted this problem is not receiving the attention it deserves either by the public or the Government. Things are allowed to drift. If this attitude persists, we have no doubt that very soon the situation, which is already serious, will become worse. In this connection we wish to draw the attention of our readers to an article in the *International Labour Review* entitled "Co-operative Organisations and the Post-war Housing Problem". After stressing the extent and importance of the problem the writer says :—

1. " It is generally recognised that private enterprise is not in a position to provide low or medium income families with suitable homes embodying proper health standards ;
2. The normal effect of the scarcity of houses after the war will be to raise the price of houses and the cost of building, unless measures to the contrary are taken, particularly as there is also likely to be a relative shortage of materials and a possible shortage of labour ;
3. The houses for lower income families are rarely built to order, and when they are put up for purely commercial purposes very little trouble is generally taken to discover and satisfy the real needs of the prospective occupiers ;
4. A further obstacle to the satisfactory working after the war of the system of individual building contracts—and this applies not

only to low income families—is its incompatibility with modern town planning conceptions."

He has also very constructive suggestions to make how co-operative organisations can undertake the task and assist in satisfying this essential need of the community. Efforts made elsewhere are described.

"There is every indication that the Housing Co-operative Societies are preparing themselves for these tasks and that wherever circumstances permit they will receive the support and collaboration of the Consumers' Co-operative Societies in the exceptional effort that will have to be put forth. In Great Britain the Building Societies' Association has set up a Committee, under the Chairmanship of Viscount Sankey, to study the lines on which Building Societies can participate in improving housing standards for the people. The vastness of the problem has led the English Co-operative Wholesale Society, the Scottish Co-operative Wholesale Society, and the Co-operative Permanent Building Society to consider ways of pooling their experience and financial resources. Similarly, the Consumers' Co-operative in Switzerland are correlating their efforts with those of Housing Co-operative Societies. In the United States, the Co-operative League of Consumers' Societies has decided to appoint a Committee which will make plans for a vast building programme to be launched at the end of the war. The idea has even been advanced that one of the co-operative contributions to the building programme might be the establishment of an International Co-operative Organisation financed by Co-operatives in the various countries and using materials obtained from these national co-operative enterprises."

Development of Fisheries :

We understand the International Labour Office has issued a publication entitled, *The Co-operative Movement and Present Day Problems* with special reference to Rehabilitation and Reconstruction of the devastated countries. The nature, conditions and methods of the contribution that co-operative organisations can make to the solution of certain problems of rehabilitation and reconstruction in

the post-war period are dealt with. This publication should be of more than ordinary interest. We are particularly struck by the chapter on the Problem of Fisheries and Fishermen, extracts from which we hope to reproduce from *Co-operative Information*, which is an indication how various problems have been approached. These studies would be useful to all.

Available for Sale.

Market Intelligence—1945

For the establishment of the Consumers' Movement on a permanent basis, it is necessary that Co-operative Stores should have upto date market intelligence. The booklet now published by the Union aims at this object and may be of immense use to Co-operative Store. It contains useful information as to the centres of production or marketing and seasons for bulk purchase etc. of important agricultural products such as good grains, pulses and grains, fruits, household requirements, clothing and other essential commodities.

Price per copy is Rs. 0-5-0. Postage Extra.

For 50 copies and above Rs 0-4-0 a copy.

Copies can be had from : The General Secretary,
The Madras Provincial Co-operative Union,
Esplanade, Madras.

Report of the Post-War Development Committee on Co-operation 1945

Gives useful suggestions for Co-operators and Co-operative Institutions.

Price per copy is Rs. 0-8-0 Postage Extra.

Only few Copies are Available.

Copies can be had from : The General Secretary,
The Madras Provincial Co-operative Union,
Esplanade, Madras.

The Bombay Provincial Co-op. Marketing Society, Ltd.

By R. T. POPAWALA, B.A.

District Representative, Surat.

One of the ways in which agriculturists can be enabled to obtain a better return for their produce is to organise them into Co-operative Sale Societies. Such societies have been started in fairly large numbers in the Bombay Province and they perform useful functions. It was however, noticed that the growth and development of most of these societies were hampered, among other things, by the fact that there was no central co-operative marketing society at Bombay, the biggest terminal market in the province. Accordingly, efforts were made both by the official and non-official co-operators to start a central co-operative marketing society at Bombay.

The Bombay Provincial Co-operative Marketing Society, Ltd., which was registered in November 1941, was intended primarily to serve co-operative societies in the province in the matter of sale of their members' agricultural produce and in the matter of supply of their members' agricultural and domestic requisites. The society seemed, for a while, to make an admirable beginning but it was not long before it sustained a serious set-back. This set-back was brought about by several factors, the chief of which were lack of genuine contact with co-operative societies whom the Society was intended to serve, and ignorance of correct business or co-operative principles on the part of management which consisted generally of an amateurish staff.

After the initial set-back, Government was pleased to come to the rescue of the Society and entrusted it with the work of distribution of Government charcoal in Bombay City. The Society built up a special organisation for the purpose and did the work with considerable efficiency. The profits which accrued from this business enabled the Society not only to meet all financial losses sustained in the past, but to build up a decent development fund for extension of its activities on lines approved by the authorities.

In January 1945, after Dewan Bahadur H. L. Kaji, the veteran Co-operator of the Bombay Province and President of the All-India Co-operative Associations, was appointed as the President of the society, efforts for the first time were made to build up the Society in a way which would enable it to function as a real Central Co-operative Marketing Organisation in the Province. The working of the Society was split into

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different sections, each section being placed in charge of an Advisory Committee consisting largely of experts in the line and representatives of relevant co-operative sale societies. The fruit and vegetable section was constituted first with Rao Bahadur R. S. Asavale, one of the directors of the Society, as Chairman. Two salesmen were appointed in this section, one for sale of vegetables in the Byculla Market and another for sale of fruits in the Crawford Market. The plan provided for the appointment of an Assistant Secretary for this section but the appointment was deferred till the volume of business in the section increased. In the meantime, the Secretary of the society was to see that the consignments of fruits and vegetables were promptly disposed of, that sale notes were immediately prepared and sent and that sale proceeds were remitted without avoidable delay to the consignors. The section has also organised a Price Intelligence Service and those who consign fruits and vegetables to the Society for sale, receive, along with the sale notes, a statement showing rates of different fruits and vegetables in the markets in Bombay.

As a large number of cotton growers in Bombay Province are well organised on co-operative lines, a second section was started for sale of cotton. Seth Haridas Madhavdas, the Vice-President of the East India Cotton Association and a director of the Society presides over the Advisory Committee of the Society's cotton sale section. The section has also appointed a competent and experienced salesman who is assisted by one clerk. Co-operative Cotton Sale Societies have been advised to send samples of pressed bales. These are shown to prospective buyers in Bombay and their quotations are communicated to the societies, so that sales, if any, can be effected in the local market with due regard to the rates obtainable in Bombay. The section has also organised a Price Intelligence Service for ready cotton and the rates are communicated to important co-operative cotton sale societies at least twice a week.

A third section for sale of oil-seeds, grains and other foodstuffs such as jaggery, ghee etc., has recently been started under a separate Advisory Committee which is presided over by Seth Veljibhai Lakhamsey Nappu, the President of the Bombay Grain Dealers' Association. A competent and experienced salesman has been appointed for this section and he is assisted by a clerk. A Price Intelligence Service for grains, oil-seeds etc., has also been organised and rates relating to all important commodities are being communicated to the purchase and sale unions in the Province, at least twice a week.

A fourth section for transport has been organised under a separate Advisory Committee which is presided over by Mr. Y. A. Jasdawala, one of the directors of the Society. This section is in charge of a

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Transport Superintendent who remains in touch with different Motor Transport Agencies in Bombay and arranges for economical transport of goods. Recently at the request of the Society a motor truck was offered to the society by the Provincial Motor Transport Controller but as the Society could not accept the conditions regarding the attachment of the coal gas plant, the offer could not be availed of. Later the Society may have its own motor trucks for transport of goods in Bombay.

While the organisation for sale of different kinds of agricultural produce is being built up, the organisation for supply of agricultural and domestic requisites is not neglected. The management has been busy establishing contacts with various manufacturing concerns in Bombay and is in a position to supply manures such as oilcake, sulphate of ammonia, bonemeal etc., insecticides, such as sulphur etc. and other domestic requisites such as washing and toilet soap, filtered til oil, castor oil etc. Perhaps, the establishment of a separate Advisory Committee for this section may be contemplated later.

The plan for the re-organisation and development of the Society falls roughly into two distinct stages. The first stage contemplates the building up of a strong organisation in Bombay for sale of different kinds of agricultural produce and for supply of agricultural and domestic requisites. In the second stage, efforts will be directed towards making the organisation in Bombay self-supporting. In the second stage, those members of Advisory Committees who represent co-operative societies will perhaps carry on vigorous propaganda for the expansion of the Society's business. The officials and non-officials who are charged with the duty of promoting the healthy development of the local co-operative sale organisations can also materially help by including such organisations to establish closer contacts with the central society in Bombay.

In the execution of the plan outlined above, various difficulties are encountered by the Society. The Society has no godowns of its own and in the absence of these it can hardly arrange for efficient sales of agricultural produce. The Society when it attempts to supply agricultural and domestic requisites to its affiliated co-operative societies, fails to get priority of transport, which acts as a serious deterrent to its progress. The methods, which shrewd business men adopt to overcome such difficulties are obviously not open to the management and cannot be practised by it. It may, however, be hoped that no good cause ultimately fails to get the required support and that the difficulties which at present impede the progress of the Society will not long persist.

It may be observed that account keeping in all sale societies is a complicated affair. If this work is not properly attended to, it paves the way for the growth of dishonesty on the part of the staff and leads to the

ruin of the Society. The Account section of the Society has been placed in charge of a competent accountant and the entire work is subject to the daily supervision of an Assistant Secretary. These arrangements, while they ensure correct and up-to-date account-keeping, enable the Secretary to guide and supervise the various sections of the Society.

Finally a reference may be made to the Co-operative Purchase and Sale Societies for whose benefit the Central Marketing Society has been established at Bombay. The position of these societies, operating in small local markets is considerably strengthened by the presence of a strong business organisation in Bombay and the organisation of the Price Intelligence Service. The Co-operative Cotton Sale Societies, with the quotations of the Bombay Provincial Co-operative Marketing Society, in their hands, are already obtaining in the local markets, rates which are distinctly more favourable. These small marketing or purchase and sale societies, however, have definite duties towards the apex Society. Unless they act as feeders to the apex Society, the latter, with its expensive business organisation, cannot continue long. It would not be unreasonable to hope that all marketing societies and all Purchase and Sale Unions in the province which are and ought to be alive to the benefits resulting from the activities or operations of the Bombay Provincial Co-operative Marketing Society, Ltd., will do all in their power to support the apex institution so that it can develop further in a way which co-operators ardently look for.

Recently the President is selecting district representatives of the Provincial Society, so that through these gentlemen of influence and standing, the problems of marketing in each district can be studied and appreciated, proper remedies may be adopted to meet the situation, and an effective link can be established between the Provincial Society and the various district organisations.

With a strong Board of Directors and with a competent staff guided by a Chairman, who combines co-operative ideology with business acumen, there is every reason to hope that the Bombay Provincial Co-operative Marketing Society, will rapidly march on to success and progress.

"How your Land Mortgage Bank can help you to improve your land permanently" *

The subject of my talk to night is "how your Land Mortgage Bank can help you to improve your land permanently". Much has been said on the platform and much more has been written on the need to improvements of land. India is predominantly an agricultural country and the creation of facilities for effecting improvement to land inevitably forms the basis on which any scheme for rural uplift and economic reconstruction of India as a whole must proceed. But agriculture in India is by no means a profitable calling; it is a deficit economy and is being employed chiefly as a mode of living. Indebtedness and more often chronic indebtedness is the result. The agriculturist is born poor, he lives poor and dies poor. This is so because he has not yet realised the potentialities of improvements to land and is doing agriculture as an *ad hoc* measure to earn subsistence rather than as an industry in itself. But can the same apathy continue particularly when, thanks to the efforts of scientists, numerous improved methods of farming and appliances have been invented and the west has demonstrated to us their utility? Surely, it cannot, if it is desired that agriculture should become a profitable industry and the agriculturist is to relieve himself not only of his present indebtedness but also of his need to borrow in future.

2. What is the way out? The obvious course is to improve the land and make it yield more than it does. Improvements will bring about appreciable results. For one thing, they will benefit the owner immediately. He will get increased returns from the same piece of land and thus augment his income. In the long run he will enrich himself and avoid debts. For another, the nation as a whole will be benefitted. The State is an organism composed of individuals. Advancement of the individual is also the advancement of the State. Land improvements can, therefore, lead to accretion of national wealth and material prosperity.

3. The need to carry out improvements to land can be realised more fully if you recall to memory the events that followed the Great War of 1914-18. The decade roughly from 1920 to 1930 was a boom period. Prices of agricultural commodities rose high. Land values mounted up. The agriculturists spent money lavishly on ceremonies and for other unproductive purposes. They also purchased lands at fabulous prices. They even borrowed heavily hoping that they could

* A radio talk broadcast by an Officer, of the Co-operative Department.

repay the debts out of the increased incomes which they thought they would get continuously. But, contrary to expectations, depression soon set in. There was a steep fall in the price of agricultural commodities and consequently the land values also fell considerably. The income derived from lands was not sufficient to meet even the interest charges, much less to pay the debts. Capitalists resorted to coercive methods to collect their monies and it was no wonder that the agriculturists lost many of their holdings and more and more of the land came under the possession of absentee landlords whose tendency has been to neglect improvements to land. Those events should be a sufficient lesson to us against the tendency to count upon the present boom as a permanent one, against indiscriminate expenditure and against excessive borrowings. The war is coming to a close and it is very likely that the boom may be followed by a depression and its attendant results. It is, therefore, highly expedient that even at this stage we should apply ourselves to the task ahead of us seriously and to concert ways and means of counter-acting the expected drop in income and of withstanding the effects of depression. As I said before, we cannot think of a more effective method than improvement to land.

4. The question arises, what forms the improvements contemplated can take? You know that a very common defect with our system of agriculture is that the extent of the plots is not an economic one; uneconomic in the sense that it is not conducive to intensive or extensive cultivation as in the West. Hence the need for consolidation of holdings. You know also that vast acres of land have not been brought under cultivation. It was calculated that in the year 1941-42, the extent of land not cultivated and left fallow was 20.625 million acres as against 31.979 millions of acres actually under cultivation. The chief drawback in these areas is the want of irrigation facilities which if established may bring the entire area under cultivation. You can, therefore, construct wells, tanks, and other works for the storage, supply or distribution of water for the purpose of agriculture or for the use of men and cattle employed in agriculture. Where they already exist but the supply is scanty, you can renew or reconstruct them or make additions or alterations so as to improve the supply. I may also tell you about the possibilities of irrigation by installation of pumping sets driven by electricity. Where electric power connection can be had, pumping sets will be of great avail, and minimise man power, cattle power and costs. In areas where orchards can be raised but could not be done for want of man power, or cattle or on account of prohibitive costs, electric power may prove helpful. You may further effect bunding or levelling or similar improvements, if necessary. To know the nature of the improvement which your holdings require, you can consult experts on this subject.

HOW L. M. B. CAN HELP YOU TO IMPROVE YOUR LAND PERMANENTLY

The Agricultural and Industrial Departments are ready to offer the necessary advice and help you in this direction. By these improvements and others you can increase the fertility of the soil, provide irrigation facilities, increase the yield, give a new orientation to agriculture so as to make it profitable and thus cut at the very root of the factors that culminate in chronic indebtedness.

5. You may then ask me, where is the money for these purposes? Who will come to the succour of the agriculturists and advance funds for carrying out those operations, actuated not by any profit-seeking motive but by a desire to improve their lot? That is what I am going to tell you presently. It is the agency of the Co-operative Land Mortgage Banks, a type of co-operative institution designed to finance the agriculturists on a long-term basis, to help him to effect permanent improvements to his land. Most of you might be already members of co-operative societies. You might have known that profit-seeking is opposed to their very fundamental objects and that in fact, their object is to evict the middlemen and the avaricious sowcars who pouch upon the slender resources of the agriculturists. Selfless honorary workers are managing these institutions with a spirit of public service. They do not seek any remuneration for their efforts but want to remunerate you permanently by bettering your economic lot. Land Mortgage Banks form one such type of institution. They want to ensure the needs of the agriculturists which cannot be met by co-operative credit societies and they are met by the issue of loans for long periods of 20 years. Land Mortgage Banks have already rendered remarkable service in the cause of the agriculturists. Take for example the last period of economic depression in the matter of debt relief. The fall in the prices of agricultural commodities, in the values of land and consequently the insufficiency of income to meet the interest charges on prior debts and more than all the pressure from the money-lender for complete discharge of the debts were problems that baffled the agriculturists. Many a land-holder was on the point of losing his holdings for deplorably low amounts. At that critical moment the Land Mortgage Banks came to their rescue. They advanced loans to the ryots on an easy repayment system, relieved them from the clutches of the money-lenders and saved many a family from utter economic ruin.

6. The same Land Mortgage Banks can also render similar service for the more positive purpose of increasing income and avoiding debts. You know the proverb "Prevention is better than cure". They will help you to guard yourself against the adverse effects of the impending economic depression. Not only that. They will help you to cut at the very root of the factors leading to indebtedness, confer a permanent benefit on you and thus make you and your successors self-sufficient permanently. The method that has been devised for the purpose is the

grant of loans on easy terms for making improvements to land. You can effect improvements to your lands immediately provided you can raise funds, but it will be beyond your means and ability to repay the loans within a short period. What is wanted is not the financier as such but the financier who can afford facilities for repayment and who can afford to realise the debts in the course of a fairly long period by means of simple and easy instalments. That is where the Land Mortgage Banks can serve you. They issue loans for such long periods, as 20 years and will take the repayments spread over that period of 20 years instead of their being paid in a lump.

7. The banks afford another concession. You may repay the loan at any time before the expiry of 20 years, and get a discharge. Do not you think that this is a concession which you can rarely get from others? Besides, Government have granted certain concessions in the matter of payment of charges for registration of documents and for issue of encumbrance certificates so as to reduce the cost of obtaining loans from the Land Mortgage Banks. These concessions, you do not get elsewhere.

8. You may be eager to know the maximum amount you can get for the purpose. Where there are sufficient facilities for irrigation, you can draw upto Rs. 15,000. You may be afraid that you cannot get a second loan from the Land Mortgage Bank in case you have already drawn a loan from it. It is not so. A second loan can be granted provided it is sought for the purpose of making improvements to lands.

9. I may in this connection remind you of the following recent broadcast of Mr. D. R. Sethi, Director of Agriculture Production (Food) Government of India. "The two main means of production are land and human labour. So far as land resources are concerned, it is my belief that India has under the growing pressure of her population nearly reached the maximum potential of land which could be profitably used for crop or fodder production. It is in the direction of securing increased yields per acre of different crops that our hope mainly lies and it is in this direction that energies should be concentrated". It is in this direction that the Land Mortgage Banks can help you. Why not you avail yourselves of all the facilities and concessions granted by the banks and enrich not only yourself but also your country as a whole? My advice to you, therefore, is "Decide on the particular improvement which your land requires. Approach your neighbouring Land Mortgage Bank forthwith. Furnish all the particulars that the bank will require. Draw the loan and better your economic lot".

A Plea for Collectivisation.

By NASIR AHMAD,

Research Scholar, Co-operative Department, U.P.

So much has been said about low agricultural yields in India, both comparative and total, that one feels a natural hesitation that if one says anything new it will not be true, and if it is true, it cannot be new. Whatever reasons may be adduced for lower yielding capacity of our soil and backward farming methods, the uneconomic nature of the farm-unit and the pepper-pot distribution of the tiny plots provide the two major handicaps. Fractionalisation by precluding the possibility of natural recoupment through nitrogen fixation leads to robbery of the soil. The double-cropped area, in consequence, appreciably shrinks and pressure on land is intensified. Thus both the alternative methods of increasing food supply, *viz.*, intensive culture and large scale cultivation, are ruled out. The evil of fragmentation is sought to be remedied by consolidation of holdings which is recognised as a "fundamental agricultural reform and the basis of the structure of better agriculture." But equally emphatically it can be asserted that the mere act of consolidating the separate plots of a farmer's *undersized* holding will neither appreciably increase its size, nor render it thereby economic. A consolidated holding is the same as peasant holding was before with this little difference that, whereas previously it existed in plots each too small for the plough to make a turn and situated at inconvenient distances from each other with the result that "the cattle of all are driven over the stubbles of all" it now forms a compact block. This does not mean that it has overnight grown bigger. It still retains its uneconomic nature, if uneconomic it was prior to consolidation. It is not necessary to invoke the aid of elaborate statistical evidence to show that the farm holdings in India, in addition to being fragmented, are, for the most part, undersized. Even taking a minimum standard of one acre per capita in view of the lesser food and clothing requirements of the people inhabiting the tropical zone (although 2.5 acres are considered indispensable in the west for supporting each individual), in four out of seven important provinces the crop area per capita falls much below the average minimum.

Crop area per Capita.

Bengal	...	0.47	Punjab	1.12
Bihar and Orissa	...	0.63	C. P.	1.58
United Provinces	...	0.74	Bombay	1.61
Madras	...	0.74		

The actual cultivation unit, however, is much bigger since a peasant holds more than one person's holdings. Taking an average Indian family

to consist of 4.2 persons, the figure for this does not exceed 3 acres. 3 acres can by no means be regarded as economically workable unit even under present farming standards. Support for the assertion is found in the fact that the peasant's farm provides him work for only a few months in the year. The absence of any surplus can be witnessed in freezing of credit and recurrent defaults in payment of landlord's dues. This fact further brings to light the unprofitable nature of the family allotment. The optimal size of the farm unit recedes further in case a change in the existing method and technique is contemplated. Such a change is long overdue for increasing agricultural productivity, but for the purpose of rendering the introduction of improved methods and appliances economically feasible, the production unit should first be sufficiently enlarged. This seems impossible of accomplishment unless all the plots in the locality are pooled together for the purpose of joint cultivation. The alternative proposal of individual private capitalist enterprise is fraught with danger since it, by ousting the tenant-holders from the land and re-introducing them as wage earners, will lead to general discontent and social repercussions of a far-reaching and undesirable character. State enterprise in the field is precluded by the experience gained in other countries *e.g.*, Russia, reinforced by the results of experimental farms in our own country which are never a paying proposition and are only maintained for purposes of research and propaganda.

The centralised administration and decentralised control coupled with the functional specialisation introduced in the joint farm make possible not only a better utilization of available resources but also facilitate improvements. Not every peasant is gifted by nature to be, at the same time, a good farmer, a stock breeder, a financier and a trader. But, as at present organised, he has to dissipate his energies over a number of different functions with the result that even if he be regarded an expert tiller of the soil by virtue of his specialised knowledge and inherited skill, he can hope to come out only second best in other spheres. A joint farm by relegating the different functions to persons most suited for the purpose will make up this deficiency. It will, moreover, command greater confidence; hence will attract larger amount of capital which will be absolutely necessary in the initial stages. It will introduce a measure of co-operative insurance against loss of earning through permanent or temporary incapacitation from work. Thus it will provide a natural base for multidirectional development of co-operative activities in the field of production and finance, marketing and purchase. The plan is particularly feasible since the state of our agriculture shows all the conditions precedent to the success of such an endeavour. Our methods and implements are primitive and operations are on a petty scale. But the introduction of co-operative principle in this sphere does not stand the risk of encountering a clash of interest with the dominant organisational forms.

On the other hand, if handled cautiously, it will involve least disturbance to current agrarian relations; and hence liable to least resistance.

With a view, however, to anticipate the great shock which a wholesale modification of organisation and technique, introduced in large instalments, will produce, it is proper for the success of the plan as well as greater appreciation of its advantages that the process be slowed down and beginning first made in areas without any established form of organisation or technique of exploitation. For this purpose Government may begin by establishing joint farms on land owned by the State or hitherto uncultivated. After the hostilities are over, the rehabilitation of the soldiers will be the main item of the Government's postwar reconstruction plans. Large areas in the terai which remain uninhabited due to flood and malaria will, of necessity, be reclaimed and made habitable for the repatriated soldiers. The Government, moreover, owns nuzul lands *e.g.*, in the Eastern districts of U. P. and there are vast uncultivated tracts in the Bundelkhand region. Similarly a large area, now under alkali, will be released for cultivation when measures are adopted for preventing soil erosion and reclamation of ravines. Model farms may be set up in these areas which will serve as a nucleus for further intensification of the drive later on as well as provide stimulus to others. The land so reclaimed may be divided into a number of farm units of manageable and convenient size. For this purpose 400 to 500 acres seem to be the optimal size. A further quota of 200 to 250 acres may be reserved for the purpose of common land for housing and other purposes, pastures, groves etc., thus bringing total area, cultivated or uncultivated, under a farm to vary from 600 to 750 acres. These areas may be settled by repatriated soldiers, each farm comprising men preferably of the same caste or community in order to ensure greater social cohesion and interest. Care should be taken to allocate to each farm a number of working hands and dependents, just sufficient to work it efficiently and profitably, no more and no less, so that the farm meets the requirements of a tolerably minimum standard of living. There should be not more than 75 to 80 working members in each farm or, in other words, about 16 members per 100 acres of cultivated land. Taking an average Indian family to consist of 4.2 members, out of which about 1.2 are actual workers, the numbers of households in a farm should not, in any case, be allowed to exceed 60. The average per capita acreage thus comes to about 2, or a little less, which compares favourably with less than one acre at present obtained. That it is by no means an ambitious project must readily be acknowledged. But due to lack of suitable alternative employment, at least in the initial stages, the number of farm hands dependent on soil cannot be drastically reduced although it may mean some temporary under-employment. The activities of the farm-holders will be divided into production, stock-breeding, subsidiary rural

occupations and purchase and sale. In view of this the figure of 75 working men for each farm does not appear to be too high either. Later on, however, as mechanisation is pushed further, the displacement of labour may be greater. The per capita acreage, necessary for ensuring a minimum standard of living, however, will differ from place to place according to local variations in soil fertility, climatic conditions, water-supply and nature of farming etc. The extent of waste land in British India has been estimated at 94 million acres. Not all of it, of course, is cultivable. Conservative estimates put the area that can be reclaimed and brought under cultivation near about 60 million acres. It means approximately 100,000 farms can be organised in this area. The programme of rehabilitation and settlement may conveniently be spread over 5 years in conformity with the progress of the reclamation work. A beginning may be made by establishing 4,000 farms in the initial stage. In later years of course, the progress will be quicker. Hence 8,000 farms may be set up in the second year, 16,000 in the third, 28,000 in the fourth and 44,000 in the fifth year, thus completing the task of reclamatory settlement. The task of reclamation together with the development of roads, irrigation facilities and transport will, of course, have to be undertaken by the Government, since the farmers will neither have the means nor the necessary equipment for the purpose. Similarly where the land belongs to others, it will have to be purchased by the Government for the settlers. The farmers will form themselves into a co-operative multipurposes society with common ownership in land, joint work on the farm and mutual sharing of the benefits. The farm will be looked after by an expert manager and accounts maintained by an accountant whose services have got to be paid. The Government must provide the trained personnel and also improved seeds, fertilisers, implements and machines. For this purpose Central Machine Supplying Stations may be set up at suitable places. It seems fair that there should be at least one machine supply station for every 20 to 25 farms. The number of such stations and depots required in the first five-year period will be 4,800. Taking an average of 10,000 to 15,000 rupees as the capital expenditure required for establishing each farm, the total amount so required in the first five year period comes to over 100 crores. This will be divided into sunk and circulating capital. The responsibility for raising the amount can similarly be divided between the State and the co-operatives. The farmers must raise sufficient funds to finance their recurring expenditure e.g., the payment made for the services of the managers and other paid staff, the purchase of seed, cattle, manure and small implements. In order to attract sufficient amount of capital the Government must guarantee a minimum rate of interest, at least in the initial stages. As for bigger machines and costly implements they must be owned by the State and loaned to the farms.

This, then, is the plan for rehabilitation. The next step is collectivisation of land already held under cultivation. The task may be contemplated to be finished within 10 years so that the whole scheme of collectivisation and rehabilitation, introduced in 3 instalments of 5 years each, may finally come to a fruition within a period of 15 years. Of the land held under cultivation about 51 per cent is under ryotwari settlement, the zamindari land both permanently and temporarily settled, and village community holdings occupying the rest. In view of the fact that the task is easier of achievement in ryotwari tracts because of the absence of intermediary interests between the landholder and the State, it is proper to make a start in this area. In zamindari areas or village settlements however, the complicated system of land tenure and the obstruction caused by the intermediary landed interests will prove a formidable obstacle and if the progress so far achieved has got to be maintained and disappointment avoided, right at the moment when the plan needs a final touch, intelligent persuasion and propaganda must be assisted by certain levers.

If considered necessary, the original boundary of the village may be preserved, provided it does not involve any serious tampering with the size of the optimum farm unit. The members of the co-operative farm will be its shareholders, each having shares according to the number of plots submitted, due allowance being made for grade and quality of land. If circumstances allow a minimum limit can also be fixed for the share unit. For example it may be stipulated that each share should not be of less than 5 acres and hence no one will pool less than that acreage, the persons doing so (obviously because they have no more) should compensate on the basis of some evaluation of land, say Rs. 100 for every acre. To meet the reluctance of the landholders and cope with the expected opposition and manipulation, suitable legislative enactments seem absolutely indispensable. Side by side, an intensive drive will have to be undertaken for setting up small scale establishments such as those in Japan and China alongside heavy industrialisation, which will be an adjunct to agricultural planning, with a view to absorb the human energy displaced from agriculture. For, as conceived above, the farms cannot afford work for more than 184 million persons which means a displacement from land to the extent of more than 50 million persons at present directly dependent on it. As, alongside the progress of the scheme, the population multiplies and mechanisation is pushed farther, this displacement will be even more drastic. Lest this unemployment potential may frustrate the success of the scheme a synchronous and equally rapid development of alternative avenues of employment has got to be envisaged.

What Freedom of the Press Means.

Several months ago, a unique meeting was held in Superior, Wis. There were farmers, mechanics, trade union leaders, teachers, housewives. They represented the many thousand reader-owners of the *Co-operative Builder*. There was none of the spirit of by-your-leave-will-you-please-print-this-letter or in futile protest "please cancel my subscription". For these, the consumers of the news, were owners of the newspaper, and they had come to ask the editor questions about their business, and instruct him what to print. All day they were at it. Gnarled fingered and weather-soaked farmers had definite ideas about "cheese-cake"; teachers demanded to know more about the background of certain editorials and were as informative with material for future policy as they were inquisitive. Approval was given to the organization of a national Co-operative weekly.

Herein lies the vital difference between the commercial and Co-operative press. Any study of the freedom of the press must answer the question "Freedom for whom?" The Co-operative press assumes it is the consumer of the news who has first right to be met, well summed up by the Assistant Attorney General in the Government's anti-monopoly suit against the *Associated Press*: "The First Amendment was intended to keep the press free—not for newspaper enterprise alone but for the reading public."

There are in the U.S.A. about twenty-six outstanding Co-operative papers (mostly biweekly) with a total circulation of about 1,225,000. They represent only a drop in the bucket to the 1,787 daily newspapers with a total *daily* circulation of 42,374,850. But just as the Co-operative movement has an influence far beyond its two per cent of total retail trade, these Co-operative papers are setting yardsticks for a new type of journalism that will compel imitation as they grow with the movement.

National news coverage is provided by the *Co-operative League News Service*, a department of the Co-operative League of the U.S.A., with a correspondent in Washington. The assistant secretary of the League is editor, assigns coverage in the 26 regions, sends out mimeographed releases regularly once a week and at any time a special story breaks, and also distributes mats, reprints and background material.

This year, for the first time, all of the larger papers are carrying nationally prepared rotogravure 8-page supplements. Orders for the first totaled 680,000. A second and third continue the story of Co-operative development, in celebration of the world-wide centenary. The experience may be encouraging to further joint publishing. A further step in that direction has been the setup of an advertising department in National Co-operatives, Inc., which will prepare copy on products purchased by the regional Co-operative through National.

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A sort of Magna Carta of consumers' rights in advertising has been adopted by National. It states among other things that advertising copy will give full information on the weaknesses, as well as the strong points, of a product, its limitations, as well as its more apparent features. A Co-operative paper having all-in-all the consumers' view point, treats advertisements with the same care for factuality as an article in the news columns and eventually we may cease to have advertising in borders. This responsibility is avoided to a large extent in the commercial press in the way of advertisements for which the papers assume little responsibility, and quarantined in their separate borders. The whole field of commodities for which one-third of the average family's budget is spent has been practically sold out as concessions, so that the average newspaper wouldn't dream of presenting a comparative shopping guide of store values—legitimate news to the housewife.

The resources of the Co-operative papers are pitifully small compared with commercial giants, yet we have no trouble in getting news important and exclusive. For instance, the *Co-operator* published the fact that the milk industry was throwing to animals and down the sewer more than sixty million quarts of milk a day (a pint for each person in his country) from which only the butterfat had been taken. This skim milk-dried could have provided nourishing and cheap food for seventy million Americans who needed milk urgently. We published this several weeks before testimony to the same effect was made before a Senate Committee.

We do not let the fact that we handle a produce interfere with the publication of critical truth connected with it. Our wholesale handles fluid milk and yet we push dry, skim milk as cheaper. We also recommend dry yeast as far cheaper and better than cake yeast. We recommend granulated sugar though the wholesale sells more white. We tell the public that all-purpose flour is not a best-buy, but is handled reluctantly to meet a demand built up by the mills. We expose the idiocy of taking nourishment out of wheat, and putting some of it back, and calling the product "enriched".

The upshot is that, to the old-time publishers, our business and news methods seem crazy—but we have the confidence of the public. So that when rival oil companies attempt to cut off supplies to the Co-operative refinery in Kansas, the word goes in the paper and the better part of 50,000 farmers of the state deluge the Governor with protest. Or at our word readers letters shock the broadcasting chains into reconsideration of their refusal to sell the Consumer Co-operative Movement time on the air.

The Co-operative Press needs to develop a national newspaper. The step which should be taken now is that of a *National Consumer's Weekly* in which the Co-operative Movement is presented as an instrument of service or protest. This paper should give the facts on cartels and political ideals, without regard to party.

It would require only an editor-in-chief with one or two staff assistants the present regional editors of the various papers serving as associate editors and contributing to the special pages in the editions of their areas.

— THE PROTESTANT.

(*The Indian Social Reformer*—May, 26th, 1945.)

The International Co-operative Movement and San Francisco.

(Issued by the International Co-operative Alliance.)

The International Co-operative Alliance which is responsible for the formulation and carrying out of the policy of the International Co-operative Movement has closely followed the developments which led up to the San Francisco Conference. The reconstitution of the League of Nations on a new basis is not only a political question, although the political aspect is the first and so far the most important concern of the Conference; it is equally an economic and social question, and the settlement of the economic and social basis of the International Security Organisation of the United Nations may well prove of greater importance than any constitutional details of its political organs.

The Co-operative Movement has always pointed to the economic and social causes underlying international conflicts between nations; it has always pleaded for replacing competitive economic relations between nations by *co-operative* relations; and it has repeatedly declared that the co-operative idea, in its widest sense, has a great contribution to make towards the future peace of the world as well as to mutual understanding between men and nations.

It was in the realisation of this international significance of the co-operative idea—apart from the need to defend the interests of National Co-operative Organisations—that the Alliance in the past sought representation in the economic and social organs and auxiliaries of the League of Nations, and that to-day it claims relationship with the economic and social organs of the proposed new World Organisation.

When it proved impossible to obtain representation, even in a consultative capacity, at San Francisco, steps were taken to safeguard the interests of the International Co-operative Movement. Its views and its claim were explained by a deputation from the I.O.A. to Mr. C. R. Attlee, Deputy British Prime Minister, and one of the leading members of the British delegation to the Conference. Briefly, on the basis of the recommendations of the Dumbarton Oaks Conference, the Alliance demands the right to collaborate in the proposed Economic and Social Council of the new World Organisation.

This demand was formulated in the following statement, which Mr. Attlee was asked to present to the appropriate authority of the Conference—and copies were sent to the leaders of other National delegations:

"The International Co-operative Alliance presents to the Governments of Great Britain, of the United States of America, of the Soviet

THE INTERNATIONAL CO-OPERATIVE MOVEMENT AND SANFRANCISCO

Union, of China and of all the United Nations represented at the San Francisco Conference its earnest desire to be associated with the International Organisation to maintain peace and security envisaged by the Dumbarton Oaks Conference and whose Charter is to be prepared at San Francisco.

The aims of the International Co-operative Alliance are economic, social and humanitarian in the fullest sense, and the whole of its activity during the past fifty years constitutes a campaign for economic and political peace.

With its affiliated National Federations in 35 countries, in which approximately 75 million co-operators are organised, the I.C.A. is by far the most powerful Voluntary International Organisation. It is the only international representative of the 'organised consumers of the world'; it defends the interests, and is becoming more and more the central international organisation of the co-operatively organised producers of the world.

Moreover, as it represents the Co-operative Societies of all types, whose members are drawn from every social and economic section of the people as well as from every political party and religious denomination, it rightly claims to be the most representative Organisation of the People.

Its wide international character gives the Alliance an unique position in world affairs, and although, being a non-official organisation, it could not have representation within the League of Nations, the significance of its views in regard to international problems has always been recognised by the League. The Alliance received an invitation from the Council of the League to the International Economic Conference in 1927, and it participated in a consultative capacity in the Economic Consultative Committee which was subsequently formed.

Since that date the importance of the International Co-operative Alliance has become appreciably greater, while during the present war the potentiality of Co-operative Organisations of all types as factors in the tasks of relief and rehabilitation as well as in post-war economic and social life has been emphatically recognised by the United Nations Relief and Rehabilitation Administration, by the United Nations Conference on Food and Agriculture, by the last Conference of the International Labour Office, as well as by the Governments of a number of the United Nations.

Further, the historic Declarations made during the war by the Leaders of the Great Powers concerning the future basis of world peace, support the claims of Co-operators that the application of the Fundamental Principles of the Voluntary Co-operative Movement, offers an assurance of peace, mutual understanding and international collaboration.

Handwritten notes and stamps on page 25 include:
- "JL" and "25" at the top.
- "KMM 2M, 110 NLS 37.11" in the center.
- A circular stamp on the right with the number "125605" and the text "300 000".

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The International Co-operative Alliance is, therefore, confident that the Governments of all the nations represented at the San Francisco Conference will recognise that the World Co-operative Movement has an outstanding contribution to bring to the solution of all international economic, social and humanitarian problems;

And that, as the representative of the World Co-operative Movement, the International Co-operative Alliance will be brought into effective relationship with the New World Organisation through participation in the deliberations of the Economic and Social Council and or in any other way which the constitution of the Organisation may permit."

Subsequently, and after the opening of the Conference, the British Members on the Central Committee of the Alliance adopted the following resolutions—

1. The Executive Committee of the I.C.A., meeting in London on the 2nd May, 1945, expresses its profound regret that, in the constitution of the United Nations Conference which opened at San Francisco on the 25th April, no possibility existed for the International Co-operative Alliance, which holds an unique position amongst International Organisations, to collaborate in the framing of the Charter of the International Organisation designed to maintain universal peace and security.

The Executive Committee renews the claim already made for the association of the I.C.A. with all International Conferences concerned with economic and social problems, and for the establishment of effective relationship with the Economic and Social Council envisaged by the recommendations of the Dumbarton Oaks Conference as part of the structure of the new International Organisation.

2. The Executive Committee of the I.C.A., meeting in London on the 2nd May, 1945, urges every National Co-operative Movement to forward to its respective National Government a strong claim for the appointment of leading co-operators as advisers to Government delegates at all United Nations and International Conferences.

In what precise form it will be possible for the Alliance to collaborate in the proposed Economic and Social Council and/or in any other international organ which may be concerned with humanitarian, economic and social problems it is not possible to say at present. The time for details has not arrived—but the vital question and the immediate task is to secure the recognition of the significance of the International Co-operative Idea and of the International Co-operative Organisation as constructive forces for the establishment and maintenance of peace.

Reviews.

The Andhra Co-operative Union, Rajahmundry—Report for 1943-44.

The report for 1943-44 of the Andhra Co-operative Union which will be celebrating its Silver Jubilee this year, shows that the customary activities were carried on — holding the Annual Conference, publication of the Telugu Journal, celebration of the All-India Co-operators' Day, and propaganda meetings.

2. The Union had a membership of 504, of whom 249 were rural credit societies. Against a demand of Rs. 4,355 towards their annual contributions, Rs. 2,762 were realized. A very large amount of subscriptions for the Journal remained unpaid—Rs. 680 was collected against Rs. 6,072 due. The annual subsidy of Rs. 1,000 from the Provincial Co-operative Union was received.

3. The 13th Andhra Co-operative Conference was held at Rajampet (Cuddapah District) in November 1943. A Cottage Industries Exhibition was also held at the time. A report of the proceedings has already appeared in this *Journal*.

T. R. N.

The Coimbatore Central Co-operative Stores—Report for 1943-44.

The Coimbatore Central Co-operative Stores made substantial progress during the year 1943-44, and the transactions under all heads greatly increased. On 30th June 1944, the stores had a membership of 161 of whom 55 were Primary Stores, and a Share Capital of Rs. 1.09 lakhs; on 31st March 1945, they increased to 193 and Rs. 1.62 lakhs respectively. The Stores has a cash credit of Rs. 10.5 lakhs from the Coimbatore Co-operative Central Bank.

2. During the year, the Stores purchased stocks worth Rs. 41.49 lakhs, and the sales were Rs. 43.09 lakhs. The gross and net profit were Rs. 2,31,118 and Rs. 77,455, respectively. The management charges amounted to Rs. 78,662, and the profit on business was therefore Rs. 1,57,455 which represents more than 150 per cent on the paid-up capital involved.

3. A dividend of 5 per cent was paid and that absorbed the small sum of Rs. 4,874. The balance has been added to the several Reserves: Statutory Reserve Fund, Business Reserves, and Building Fund. These Reserves now total Rs. 2,44,283, and were the accumulations of two years of working (the stores is 4 years old, and worked at a loss in its first two years). That is an achievement which very few concerns can show.

T. R. N.

Report of the Co-operative Department, Holkar State, Indore for 1942-43.

The report of the Registration strikes a more optimistic note than his two preceding ones. Improvements in several directions are recorded. Recoveries from credit societies were good.

2. There were 5 Central Banks, 841 credit societies (inclusive of 49 Urban), 6 Trading societies, and 39 of other types—in all 891. The membership and working capital were Rs. 32,621 and Rs. 90.05 lakhs of which the owned capital was Rs. 30.29 lakhs.

3. Of the 5 Central Banks, the Indore Premier Co-operative (Central) Bank has the largest business; of Rs. 30 lakhs of working capital of the Central Banks, the Indore Bank had a working capital of Rs. 24 lakhs; and 553 societies out of 886 in the State were affiliated to it. The other (4) Central Banks in general was passing through crisis. Some of them were on the verge of collapse 4 years back. But they have now been saved. Confidence of investors of these small banks is restored. The position in the Indore Central Bank also which was causing some concern, greatly improved. Recoveries from societies improved well. The Bank has been helping societies by granting remissions and entering into settlements of the old frozen dues. New business on cautious lines are put through.

4. The movement in the state is mainly credit and the problem is one of frozen debts and recoveries. The loans due by individuals in 792 Agricultural Credit Societies were Rs. 31.22 lakhs and how much of it was frozen is not ascertainable from the report; the recoveries during the year were Rs. 2.06 lakhs; new loans made amounted to Rs. 1.34 lakhs. In the 49 Urban societies, the loans due were Rs. 15.5 lakhs, and the overdues were Rs. 5.11 lakhs.

5. One point that should be noted is that the lending rate of interest to individual members is 12 per cent and in one area even 15 per cent. Though the new loan business is not very much, yet it is a matter for consideration whether the time has not come for its reduction.

6. The Department has been taking strenuous steps to improve the situation. The Registrar has been endeavouring to secure more staff and powers. He has listed about a dozen items on the solution of which future progress depends.

T. R. N.

(1) Co-operative Distribution in Bombay;**(2) Report on the Co-operative Marketing of Agricultural Produce and Distribution of Essential Commodities in the United Provinces for the year 1942-43; and****(3) The first annual report of the United Provinces Co-operative Development and Marketing Federation, Ltd., for the year 1942-43.**

The theme of the three reports is the same—Co-operative Marketing and Distribution—and can be noticed together. *Co-operative Distribution in Bombay* is a brochure by Mr. M. P. Nagarsheth, Chairman of the Control Committee of the Broach Co-operative Stores Society, Ltd., now, Manager U. P. Provincial Co-operative Bank, published by the Bombay Provincial Co-operative Institute as G. K. Devadhar Memorial Tract No. 1. No. 2 is a compilation by the U. P. Co-operative Development and Marketing Federation, Ltd., of the statistics relating to Marketing and distributive societies in that Province, and No. 3 is the Annual Report covering its own business.

The war has brought into prominence the importance and utility of marketing and consumers' societies. All over India, the "war-time starvation of consumers" became acute, and Governments, Central and Provincial, intervened. Readers must be familiar with the steps taken by Governments to meet the situation. Broadly stated, the Governments became buyers and sellers of essential commodities, controlled their movements from person to person and place to place, introduced rationing of important stuffs, fixed ceiling prices for articles, passed laws against hoarding and profiteering by producers, merchants, and consumers, and generally took all the measures necessary to secure an equitable distribution of the necessities of life. It is in that background that the activities of co-operative organisations made great strides, and became popular both with Governments and consumers. Governments wanted a reliable sale agency and instructed Collectors to entrust the business to co-operative societies wherever possible.

Mr. Nagarsheth's report is a survey of the part the co-operative machinery has played in the distribution of foodstuffs in the Bombay Province. After a general introductory chapter, he deals with the work done by stores and other institutions, district by district, and this covers about 60 pages out of 80 pages in the book. A concluding chapter contains suggestions for future development. The following comparative table for Bombay and Madras is interesting.

	1941—1942		1942—1943	
	Bombay.	Madras.	Bombay.	Madras.
1. No. of Stores	38	399	106	938
2. No. of Members	11,069	71,600	28,858	2,13,000
3. Sales in lakhs of Rs.	10.71	91.45	45.34	298.49

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The stores are now authorised to sell also to non-members as an emergency measure. The figures of membership and sales for 1943-44 and 1944-45 must be undoubtedly bigger. Other co-operative organizations like the Central Banks, Sale and Credit Societies (in Bombay Province) took part in the work, and the sales were considerable, about Rs. 110 lakhs in 1942-43.

According to the present system of collection of statistics by the co-operative department, no separate data is obtained for marketing or store societies; with the temporary suspension of the publication of administration reports in most provinces, even such incomplete figures are not available. The U. P. Co-operative Development and Marketing Federation has therefore made an attempt to collect those statistics for 1942-43; figures for every society individually are furnished. Undoubtedly, it is a great improvement on the official method of presentation of figures. In para 3 of the report it is stated. "The U.P. has the largest number of Trading societies in India. In point of membership of the societies also, U. P. stands first, as also in the value of Produce handled. In point of working capital, however, U. P. stands fourth, the three Presidency Provinces of Madras, Bombay, and Bengal coming before it." We congratulate the U. P. on its leadership. Two main statements are presented; (1) of Co-operative Marketing of *cereals* in U. P. and (2) Distribution of essential commodities by co-operative societies. We find from Statement I that in 1942-43, 126 co-operative institutions of all types took up marketing of cereals and handled produce valued at Rs. 46.46 lakhs. Statement II relates to distribution, and 183 co-operative institutions of all types (of whom 60 were consumers stores) sold commodities to the value of Rs. 70 lakhs. There were separate marketing societies for handling, Fruit and Vegetables, Milk and Dairy Products, Eggs and Poultry, Sugarcane and Cotton, and their business is briefly noticed in the report.

The U. P. Co-operative Development and Marketing Federation, Ltd., was registered in June 1943, and their first report for 1942-43 shows a good start. *For the present*, it is engaged in *Distribution* work, though its main object is marketing. It has branches and retail depots in some important places in the Province. In 1942-43, it had 5 branches and 54 depots, and these increased to 9 and 125 respectively in 1943-44. Essential commodities (Sugar, Wheat, *atta* and other food grains) worth Rs. 28.54 lakhs were sold in 1942-43 and that increased to about Rs. 75 lakhs in 1943-44. One point to note is that this Federation has *no* paid up capital.

These reports furnish proofs, if any were needed, of the great part that co-operative enterprise can play in distribution. In whatever part of the country they have been established, they have been a success. The war has not only given a shift to our endeavours, but has also amply demonstrated to the people how helpful they can be. It may be that the total business handled is a small part of the country's retail trade (of which we have no reliable data); if the consumers are as loyal to the stores as they now are and give their custom to them, the consumers' stores have a great future. Loyalty to the stores ensures their success.

T. R. N.

Orders and Circulars.

Subject:—Co-operative Societies—Credit Societies and Loan and Sale Societies—Construction of godowns—Grant of loans—Rules—Amended.

His Excellency the Governor of Madras hereby makes the following amendment to the Rules for the grant of State loans to co-operative societies for the construction of godowns issued in G. O. No. Ms. 3676, Development dated 12-11-43.

AMENDMENT

For the existing Rule XIII of the said rules the following rule shall be substituted:—

"Every society receiving a loan from Government shall mortgage to Government its interest in the building or buildings constructed out of the Government loan, inclusive of the site or sites on which they have been constructed. If the registration of the society is cancelled, the sale proceeds of the buildings will be utilised in the first instance towards the repayment of the Government loan".

2. The Registrar of Co-operative Societies has suggested that Rule XIV of the above rules may be omitted. That rule gives to the Government for every loan advanced by it a first charge on *all* the properties of the society. Under the ordinary law when the sale proceeds of the mortgage property are not sufficient, the Government can proceed against the other properties of the society. But when proceeding against the other properties (properties not mortgaged) the Government will get no priority. They can sell such other properties only subject to the prior mortgages if any. But if they get a first charge in virtue of this rule, the Government's claim would take priority over any other mortgages on those properties. The Government consider therefore that Rule XIV should be retained.

AMENDMENT

At the end of Rule XIII of the said rules, the following shall be added, namely:—

Note:—"When the utilization of the reserve fund of a society in its business is sanctioned by the Registrar under this rule, the financing bank concerned shall, on the expiry of two months from the date of receipt of the sanction of the Registrar, refund the amount to the society with interest accrued thereon upto the date of refund without asking for any notice of withdrawal."

Registrar's Circular No. 524/45-A dated 12-1-1945.

Subject:—Bylaws—Special Bylaws relating to the service conditions of employees of Co-operative Societies—Adoption Instructions.

Ref:—Registrar's Memo. 6217/37. B dated 7-12-42.

With the Registrar's Memo cited above two sets of model bylaws, one to be adopted by Central Banks and the other to be adopted by societies other than Central Banks were communicated to Deputy Registrars and the Assistant Registrar, Nilgiris. These bylaws were intended to govern the service conditions of employees of Co-operative Societies. A few banks have adopted the special bylaws and some others have stated that the bylaws require revision in some respects—particularly in respect of the clause relating to the qualifications of employees. Some banks have urged revision on the ground that the bylaws affect the interest of existing employees adversely.

The Registrar has given careful consideration to the several objections raised by the banks and has come to the conclusion that it will not be in the interests of Central Banks and Urban Banks with a working capital of rupees one lakh and over if the educational qualifications are reduced. Those banks should have only a B.A., B.Com., or B.Sc., of any

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of the recognised universities, as their Secretaries, Assistant Secretaries, Managers, or Executive Officers. A lower educational qualification will not be in keeping with the status of those institutions. As regards technical qualifications, a pass in the examination in Co-operation, Book-keeping, Auditing and Banking held by the Provincial Co-operative Union will be enough in the case of supervisors. The Secretaries, Assistant Secretaries, Managers and Executive Officers who have to control the work of the supervisors must, however, have a superior technical qualification, namely a pass in the Government Technical Examinations in Book-keeping, Banking, Co-operation and Auditing or the examination in these subjects held by the Central Co-operative Institute, Madras. Being Graduates it will not be difficult for them to acquire these qualifications.

2. In clause 3 of the Special Bylaws exemption from acquiring the qualifications prescribed in clause (2) has been provided for, for employees permanently appointed on or before 1-7-41. The Provincial Co-operative Conference held this year has resolved to request the Registrar to exempt from the new service rules prescribing qualifications for Secretaries in Urban and Central Banks, all those who had been permanently appointed as Secretaries before the issue of the draft bylaws by the Registrar. These special bylaws were issued on 7-12-42. The Registrar has no objection to clause (3) of the special bylaws being amended providing for exemption to Secretaries permanently appointed before 7-12-1942.

3. The relation between the banks and their employees is in the nature of a contract. Without the mutual agreement between the contracting parties the special bylaws cannot be enforced by either party. It is, therefore, necessary what the banks should give a copy of the special bylaws to their employees and obtain an undertaking to the effect that they would abide by the bylaws. The existing special bylaws do not provide for taking such an undertaking. The following new clause may, therefore, be added to them as *Clause 17*:

Clause 17 :—A copy of these bylaws shall be given to each employee and an undertaking shall be taken from him that he would abide by the Special Bylaws.

RC. 188/45-B.

CIRCULAR.

Dated, 26-6-1945.

Subject :—Central Banks—Board of management—term of office—amendment to bylaws—suggested.

1. Rule XXV-A of rules issued under the Madras Co-operative Societies Act VI of 1932 relating to the election and term of office of members of committee reads as follows :—

"XXV-A. (1) The bylaws of every society shall provide either that the term of office of all the members of its committee shall expire on the same date and at such yearly intervals as may be specified, or that a certain proportion of the members of its committee shall retire in each year on such date as may be specified. In the former case, all the members of the committee (including those elected in casual vacancies) whether representing societies or individuals shall vacate their office on the date specified, irrespective of the date on which they were elected as members of the Committee. In the latter case, the members due for retirement in each year (including those elected in their places in casual vacancies), shall vacate their office on the date specified.

(2) The election of all the members of the Committee or of a certain proportion of them referred to in Sub Rule (1) shall be held on or before the date specified in the bylaws for the expiry of the term of office of the members. If for any reason the society fails to arrange for such election, the Registrar may extend such term until such time within which the election should, in his opinion, be held".

2. Model bylaw No. 12 of the bylaws of Central Banks as amended in the Registrar's circular No. RC. 5254/42-A dated 1-7-42, which governs the election and term of office of members of committee reads as follows :—

"The members of the Board shall hold office for a period of three years and until their successors are elected and assume charge. All the members of the Board shall be elected at one and the same time for the specified period of three years. Any interim vacancy or any vacancy which has not been filled up at the time of the original election can only be filled up for the unexpired portion of the original period from among the governing body members of the Unions in respect of which or from the individual share-holders in respect of whom the vacancy occurred. It shall be competent to any electorate to remove its representative sitting on the board of Management at any time and elect another in his stead. The new representative so elected shall hold office only for the unexpired portion of the original period. Any representative of a Union who ceases to be a member of the governing body of such Union shall cease to be a member of the Board of Management of the Central Bank".

The proceedings of the Board of Management shall not be invalidated on account of any vacancy or vacancies of the Board which remain unfilled".

3. This model bylaw is defective in one respect. It does not, as required by Rule XXV-A, specify the date on which the term of office of all the members of the Committee shall expire. Such a specification of the date is necessary because the absence of such a specification has had to a dispute in one case. It is observed that Bylaw No. 12 of some of the Central Banks does specify such a date. The Registrar, therefore commends the adoption of a similar provision in the bylaws of other central banks also. To ensure uniformity Model bylaw No. 12 of the bylaw of Central Banks will be recast as follows :—

"Model bylaw No. 12. The members of the Board shall hold office for a period of three years from the date on which they assume office after election and until their successors are elected and assume charge. For the period of office of the members of the Board, the year shall begin fromand end with.....All members of the Board shall vacate their offices on theof the year in which their term of office expires, unless the period is extended by the Registrar, under Sub-Rule (2) of Rule XXV-A. All the members of the Board shall be elected at one and the same time for the specified period of three years. Any interim vacancy or any vacancy which has not been filled up at the time of the original election can only be filled up for the unexpired portion of the original period from among the governing body members of the unions in respect of which, or from the individual share-holders in respect of whom, the vacancy occurred. It shall be competent to any electorate to remove its representative sitting on the Board of Management at any time and elect another in his stead. The new representative so elected shall hold office only for the unexpired portion of the original period. Any representative of a Union who ceases to be a member of the Governing body of such union shall cease to be a member of the Board of Management of the Central Bank.

The proceedings of the Board of Management shall not be invalidated on account of any vacancy or vacancies of the Board which remain unfilled."

4. All the Central Banks, the Madras Provincial Co-operative Bank and the Central Land Mortgage Bank are requested to amend their bylaw No. 12 in accordance with the above model. If for any reason the election of the members of the Committee is not held before the date specified in the bylaw, the sanction of the Registrar should be obtained sufficiently in advance for extending the term of the Committee.

Correspondence.

Rule VIII-A—Madras Co-operative Societies Act.

Since the interpretation of Rule VIII-A Madras Co-operative Societies Act, is being made in a manner absolutely different from the original intention of the framers resulting in considerable inconvenience and hardship to both the societies and their members Mr S. K. Ramasami Mudaliar of Chennimalai, Member, Executive Committee, Coimbatore-Nilgiris Co-operative Central Bank has addressed the Registrar for clarification of the rule for the following reasons.

The rule in question was introduced to counter the difficulty of advancing long term loans out of the proceeds of short term deposits generally accepted by Central Banks and a few urban and Co-operative Societies. Hence this cannot be applied to about 95 per cent of the rural societies who depend entirely on the Central Banks for their finance and do not depend upon deposits for their working capital. The financing Central Banks fix the period of such loans and as such the rule cannot be applied to such societies. Evidently the inclusion of the word "credit society" in the rule is responsible for their indiscriminate application of the rule to all types of societies, irrespective of the source where from they derive their working capital. In spite of the words 'credit society' in the rule the application of the same should be entirely confined to such of the societies as tap their working capital by accepting deposits.

Further the maximum borrowing power of an individual member in most of the village societies is fixed at Rs. 500 and division of this sum according to purposes into one, three and five years' loan will result in an average of Rs. 93 roughly, should the loan issued be for a period of five years. The inadequacy of this small sum for meeting agricultural expenses such as purchase of cattle, cart, implements, improvement of lands and wells etc. mentioned in this rule is patent.

The rule if applied to all co-operative institutions in general will result in a considerable reduction in the borrowing capacity of the members with the resultant surplus in financing Banks. For instance the Coimbatore-Nilgiris Co-operative Central Bank which has the capacity to issue Rs. 30 lakhs under the rule as a result of wrong interpretation has managed to issue only Rs. 5000 during 1943-44 as long term loans, though they could have issued considerably larger amount if the rule is interpreted properly.

Unless a liberal interpretation is made, the advance in village societies will get crippled and the borrowers will be forced to resort to money lenders for satisfying their requirements, thereby frustrating the very object and ideals of the co-operative movement.

Hence the request for clarification.

A CORRESPONDENT.

Sri S. K. Ramasami Mudaliar of Chennimalai, Member Executive Committee, Coimbatore-Nilgiris Co-operative Central Bank Ltd., Coimbatore, has addressed the Registrar of Co-operative Societies, Madras to clarify the above rule for the following reasons.

The rule was introduced to counter the difficulty of advancing long term loans out of the proceeds of short term deposits generally accepted by Central Banks and a few Urban and Co-operative Societies. Hence this cannot be applied to about 95 per cent of the Rural Societies who depend entirely on the Central Banks for their finance and do not depend upon deposits for their working capital. The Financing Central Banks fix the period of such loans and as such the rule cannot be applied to such societies. Evidently the inclusion of the word 'Credit Society' in the rule is responsible for this indiscriminate application of the rule to all types of societies, irrespective of the source, wherefrom they derive their working capital

CORRESPONDENCE

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Further the maximum borrowing power of an individual member in most of the village societies is fixed at Rs. 500 and division of this sum according to purposes into one, three and five years' loan will result in an average of Rs. 93 roughly should the loan issued be for a period of five years. The inadequacy of this small sum for meeting agricultural expenses such as purchase of cattle cart implements improvements of lands and wells etc. mentioned in the rule, is patent.

It will also be seen that the rule if applied to all Co-operative Institutions in general will result in a considerable reduction in the borrowing capacity of the members with the resultant surplus in the financing Banks. For instance the Coimbatore-Nilgiris Co-operative Central Bank which has the capacity to issue Rs. 30 Lakhs under the rule as a result of the wrong interpretation has managed to issue only Rs. 5,000 during 1943-44 as long term loans though they could have issued considerably larger amount if the rule is interpreted properly.

Unless a liberal interpretation of the rule is made the advances in village societies will get crippled and the borrowers will be forced to resort to money-lenders for satisfying their requirements, thereby frustrating the very object and ideals of the Co-operative movement. The interpretation is being made in a manner absolutely different from the original intention of the framers of the rule resulting in considerable inconvenience and hardship to both the societies and the members.



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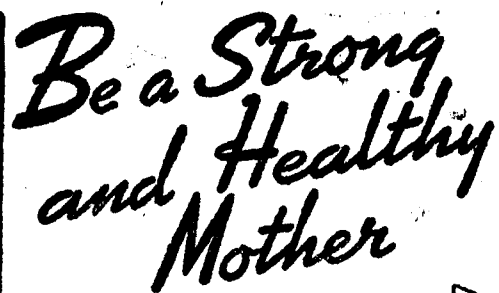
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