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Peoples Journal of Co-operation



vol XXXVII

no-6

December 1945

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Regd. No. M. 1284.

THE

Madras Journal of Co-operation

EACH FOR ALL, AND ALL FOR EACH

Journal of the Madras Provincial Co-operative Union, Esplanade, Madras.

DECEMBER 1945.

No. 6, Vol. XXXVII

PRICE 8 As. NET

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Editorial Notes.

Propaganda :

There is consensus of opinion among all co-operators, be they officials or non-officials, regarding the need for sustained propaganda on the principles and practice of co-operation so that persons taking part in the co-operatives may be imbued with correct notions of public conduct and business-like methods. In the past, various efforts have been made to establish institutions to satisfy this crying need. For some reason they have not been successful in achieving anything substantial. At present we look mostly to central financing agencies to give their attention to propaganda. While it is true the financing agencies should take abiding interest in the propagation of co-operative principles in order the co-operatives may be alive to their sense of responsibility and obligations,—this is as well in their own interests—they have not been able to give the attention necessary pre-occupied as they are with their financial problems—how best to raise the money, how best to find outlet for their money and how best they should safeguard the interests of their creditors by adequate security and regular and timely collections. The interests of borrowers, except in regard to repayment of monies borrowed, the increase in their productive capacity by the proper utilisation of loans granted, their moral and spiritual uplift do not receive the attention they deserve. It is suggested that a separate organisation divorced from finance whose main object is to inculcate the ideals of co-operation is

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necessary. Such an organisation should be enabled to discharge its functions satisfactorily by placing ample funds at its disposal. These funds may come from the common good fund of the co-operatives. To what better use can the common good fund be put than for the propagation of co-operative principles? The by-laws of societies should provide that a certain percentage, if not the whole of the common good fund, should be allocated for this purpose. This is a suggestion which we commend to the earnest attention of co-operators. Once the funds are made available, it will be easy enough to create organisations with a constitution providing representation to contributories.

It is also suggested that the Unions may be revived and they may exist as mere propaganda bodies. These Unions may be federated in a District Organisation and the Provincial Co-operative Union may be a Federation of these district organisations, the Language Federations, if retained, serving as the branches of the Provincial Union. How far these ideas will commend themselves to co-operators, it is difficult to say. However, we earnestly beseech co-operators to consider the urgent and insistent need for propaganda and take measures for the purpose.

Training of Co-operative Personnel :

Then again the training of co-operative personnel who have a great part to play in the organisation and maintenance of co-operatives in a state of efficiency is also equally an important matter. At present besides the Co-operative Institutes affording training for supervisors, there is a Central Co-operative Institute run by Government. Different examinations are held, though the examinees are for more or less the same purpose. It may be those who pass the Government Examination may be considered fit for the Inspectorate in the Department. It cannot certainly be argued that the examinations conducted by the Provincial Co-operative Union are a whit less exacting than that of Government Examination. May we also venture to point out the work of the supervisors trained in the other Institutes is as important, if not more, as that of Inspectors. In fact it should be possible to recruit Inspectors from among the candidates passing out of all Institutes. Selection for the Inspectorate should not be confined to candidates coming out of a particular Institute. There should be common examinations and common courses and

periods of study. The staff employed should be of the same qualifications. Rules regulating admission into the Institutes should be the same. Education imparted should be free of cost, only the trainees binding themselves to serve in a co-operative institution for a period of time as in the case teacher pupils in the Training schools. The conduct of these Institutes may, as at present, be entrusted to the Education Sub-Committee of the Provincial Co-operative Union on which the Department may be suitably and adequately represented. If it is remembered that the future of the Movement is dependant not merely on the Inspectorate employed but on the personnel employed in the day to day administration of the co-operatives, the plea put forward for one system of training will be appreciated. It is a matter of common knowledge that there are many among supervisors trained in the Institutes who are running institutions with efficiency and still their status and emoluments compared with the Inspectorate, are, to speak the least, meagre infusing no hope or cheer into their lives. In this connection we once more draw the attention of our readers to the suggestion regarding supervisory staff contained in the Report of the Indian Famine Commission which we have reproduced elsewhere. Coming as the recommendation does from such an august body, it deserves serious consideration. That recommendation practically supports the view expressed by us. How can the supervisors look forward to absorption in the Department unless their qualifications, training and tests are the same?

Departmental Propaganda :

It has been suggested that where no agency exists for doing propaganda, Departmental Inspectors may be employed for the purpose. First of all, we venture to submit that, where no agency exists at present, it is not difficult to create such an agency. All that is necessary is that necessary facilities should be provided. Then again we cannot agree to the above suggestion on the ground that the Department is always associated with supervision, control and audit and as such the Inspectors appointed for propaganda purposes cannot be expected to move freely with the people and identify themselves with their lot. There is an air of authority about them in whatever form they may appear. That is the reason why co-operative institutions seek the services of the Departmental personnel where exacting executive duties are involved. They are expected to maintain and they do maintain the rule of law. In our opinion their very make-up does not enable them to play the role of a philosopher, friend and guide. Except in

times of stress and strain such as war-time, official propaganda does not cut much ice. Why employ official staff for a purpose for which it is not intended? Moreover, official propagandists are more costly and the results less impressive. The same purpose can be achieved with greater success by employing non-official agency. The cost is sure to be decidedly less. There will be less of red-tapism and more freedom in the methods employed and the matter used. After all the co-operative movement is and should be a people's movement. It is through their representatives, the people should be approached. It cannot also be denied there is still some amount of suspicion and distrust regarding anything emanating from official sources. This is an initial drawback which we will do well to take note of.

In this connection we would like to know how this official propaganda fared when it was employed some time ago. If the results were at any rate not disappointing, why was it abandoned?

The Ramachandra Lift:

Elsewhere we have reproduced from the *Indian Farming* a valuable contribution on the Ramachandra Water lift from the pen of Colonel Howell, Military Secretary to His Excellency the Governor of Madras. We wish our readers to read it carefully. We have also reproduced pictures which give an idea of its mechanism and working. We may ask ourselves the question: how is it then this invention, so simple and useful, made so long ago as 1914, has not spread far and wide in the Presidency? We also wonder why steps have not been taken by the Departments concerned to popularise it. Is it a case of a prophet not honoured in his own land?

Consumers' Co-operatives in Ceylon:

We give below an extract from the Report of the Commission on Constitutional Reform of Ceylon (known as the Soulbury Commission as Lord Soulbury was its Chairman) on the part played by the State in fostering consumers' co-operatives which naturally raised bitter opposition from traders including Indians. We are not concerned with the motive which prompted the Ceylon Government for giving the stimulus. Nor are we prepared to deny the repercussions of such governmental stimulus. There is no denying the fact the consumers' co-operation has made great strides. We hope now that the war is over they will not lapse into ineptitude but will continue to function as vigorously and render useful service to the community. Here are the excerpts;

It has been the policy of the Government of Ceylon sedulously to foster the co-operative movement in the Island, and as a result of State action this movement has made great strides, particularly since the outbreak of War. There arose at that time widespread profiteering in consumer goods, especially food and clothing, and in order to control the prices of essential commodities and ensure that they reached every citizen the Ceylon Government imposed a State monopoly on imports and encouraged the co-operative movement. The great success of this movement has led to an increase in the volume of Government support and to its extension to the remotest parts of the Island.

The All-Ceylon Tamil Congress stated to us that "the practically compulsory nature of the application of this movement over the whole Island at State expense cannot be looked upon without serious misgiving", and deduced from this policy a desire on the part of the Sinhalese to cut out the trade of the Indians and Europeans. They averred that the Indians had an aptitude for trade which the Sinhalese did not possess, and that the Government was seeking to employ the machinery and finances of the State to benefit the Sinhalese community at the expense of others.

It may well be that the Indians are specially qualified by racial characteristics and habits to become successful traders, and have in that respect an advantage over the Sinhalese; but we think that this is a consideration which should not be allowed to militate against the encouragement by the Government of co-operative Trading. It is of course quite intelligible that Indian and other merchants including Sinhalese should regard with anxiety and disfavour the development of this movement—particularly when it is mainly the result of governmental stimulus. Nevertheless, we think that this policy cannot reasonably be criticised on the grounds of communal discrimination. On the contrary, having visited a number of these co-operative institutions, we are convinced that they are of great value, not only materially but educationally, to a large proportion of the poorer inhabitants of the Island, Tamil as well as Sinhalese. Moreover, an important factor in the future success of the Government's agricultural policy will be a strong co-operative movement among the peasants.

The International Co-operative Alliance :

It is cheering to learn that the first post-war conference of the Alliance met in London at which representatives of fourteen countries and observers from many other national organisations were present. The conference reviewed the position of the Movement in the Fascist Countries and was pleased to note that efforts for rehabilitating it were well in progress. Lengthy consideration was given to the immediate task of the Alliance and to its development. We have no doubt at no distant date a Congress of all accredited national representatives of the world will be held when the progress of the Movement will be reviewed and definite lines of action to strengthen the Movement will be settled.

Two Timely Publications :

We have often published in the *Journal* from time to time accounts of consumers' co-operatives and a review of their activities. But they did not present a continuous account of the growth of the consumers' movement. The Registrar of Co-operative Societies has been kind enough to furnish a connected account of the rural consumers' co-operatives as well as the Wholesale Stores. These accounts have been published by the Madras Provincial Co-operative Union in two booklets offered for a modest price. We hope to review them in detail in a subsequent issue. Meanwhile we cannot help expressing our thankfulness to the Government especially to the Department for the governmental stimulus they have provided which has enabled these co-operatives to serve the community so well. The defects noticed in the working of these institutions have not been glossed over but are prominently mentioned. It is up to the co-operators to rectify them and strengthen the institutions accepting the wise guidance and the active assistance of the Department. Rao Sahib K. Subrahmanyam, Additional Joint Registrar, to whose enthusiasm and unremitting labours the Movement owes so much is entitled to our grateful thanks.

Planned Development :

It is reported that the Co-operative Planning Committee appointed by the Government of India has completed its labours and has submitted its report. It may be remembered but when the personnel of the Committee was announced, we ventured to put in an emphatic demurrer that non-official representation to this province had been denied and expressed the hope the lapse would be rectified. We

gret very much our cry was in vain. Though there need be no difference between officials and non-officials in the Movement one cannot help saying that often the official point of view does run counter to that of the non-official and it is best every point of view is given proper representation so that the decisions arrived at may have unanimous support. However, no time should be lost in issuing the report for public criticism. We hope the recommendations of the committee will receive hearty approval and no undue delay will occur in implementing them after ascertaining co-operative opinion.

liquidation :

We have no doubt our readers have read with interest the decision of the Madras High Court which we reproduced in our last issue of the *Journal*. Apart from the importance of the decision contained therein, we would like to draw the attention of the Government and the Department to the inordinate delay in pursuing liquidation proceedings after the registration of the society is cancelled and liquidation is ordered. The society went into liquidation in 1933 but contribution orders were passed in 1940. So the members of the liquidated society whose properties must have been subject to conditional attachment as is often the case, have been put to great hardship. Such long delays could have been certainly avoided and hereby the rigours of liquidation proceedings could have also been lessened. Liquidation like audit is a statutory duty and the cost involved in carrying out the liquidation proceedings need not be the concern of the Department. Nor the recovery of cost of liquidation proceedings be insisted upon in the case of agricultural credit societies. As audit is free—it is rightly so—all other statutory duties in respect of agricultural credit societies shall be performed free of cost. However, we hope the Registrar of Co-operative Societies will see that liquidation proceedings are completed within a reasonable period of time and that the question of cost involved in expediting such proceedings will not weigh with him as the cost is a legitimate charge on the revenues of the province.

Available for Sale.

CONSUMERS' CO-OPERATION IN THE COUNTRY-SIDE.

This book gives a full and excellent account of the Rural Co-operative Stores in Madras, their development, their special problem and their future. The services of these stores in this province which constitutes a very fine achievement and which very largely contributed to check profiteering and black-markets, have been reviewed and suggestions for strengthening the movement during Post-War period offered. The book will be of great use to all co-operators in the whole of India—where similar problems exist.

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Village System in the Madras Presidency.

BY THE LATE DEWAN BAHADUR S. SRINIVASA
RAGHAYA AIVANGAR, C.I.F.

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VIII—Village officers in Zamindaries or permanently settled Estates.

Regulation XXIX of 1802 contained the law as regards *Karnams* or village accountants in permanently settled villages in the Madras Presidency. The office of *Karnam* is a most important one as he keeps the accounts of cultivation, rates of rent and other particulars relating to the revenue and resources of the estates and of the rights of all persons including the ryots having interests therein. He was, at the time of the permanent settlement, made independent of the control of the Collector. The nomination to the office was vested in the zamindar, but the incumbent could not be punished by him for any neglect or breach of duty except by the sentence of a Court of Judicature. As this remedy was cumbrous and expensive it was seldom if ever resorted to; the consequence was that a sense of discipline had altogether ceased to exist among this class of village officers. In view to remedy this defect it was thought necessary to bring them under the control of the Revenue officers of the District. Madras Act II of 1894 enacted for this purpose introduced various other reforms in the village administration of proprietary estates. Not only the *Karnams* but also the village headmen and village watchmen or Police officers were brought under the control of Revenue officers. But the most important measure of reform contemplated by the Act is the introduction of the system of remunerating these officers by fixed salaries and the abolition of the system under which their remuneration is made up partly of emoluments from lands and partly of fees or *meras* paid by the proprietors and their tenants. Under section 28 of the Act, a fund is to be constituted in each district called the Proprietary Estates Village Service Fund consisting of—

(1) the proceeds of enfranchisement of the *inam* lands attached to the offices which under Section 17 the Government may enfranchise from the condition of service;

(2) of a cess which will be levied under Section 19 in lieu of all other emoluments received by such village officers;

(3) of the payments made by proprietors under Section 27 in addition to the permanent assessment in cases in which the cost of village establishments was provided for by a reduction of the permanent assets before the assessment or by a deduction from the assets before the assessment of the estate was fixed ;

(4) of all penalties and fines imposed under the Act ; and

(5) of all contribution if any made from general revenues.

It will be observed that this fund is made up of the contributions of three parties viz, (1) the Government, (2) the Zamindar and (3) the ryots. The Government contribution consists of the proceeds of the several inams resumed, which at the time of the permanent settlement were not incorporated with Zamindari lands and assessed to the public revenue as was done in Bengal. The Zamindar's contribution in lieu of all payments hitherto made is to be an amount not exceeding five pies in the rupee of the net rental, that is to say, the total rents received by him from his ryots *minus* the portion of it paid to Government as the revenue assessed on the estate. The ryots' contribution is an amount not exceeding five pies in the rupee on the rents paid by them to the Zamindar.

The village officers are to be paid from the aforesaid fund of the district in which the estate is situated,

The qualifications for appointment as officers in proprietary estates is the same as those in Government villages adverted to above. The Board of Revenue have, however, deferred the enforcement of the educational qualifications required in the case of officers in Government villages. The following are the main provisions as regards appointment, etc :—

(i) The requirements of every village as regards the number of village officers to be maintained shall be decided by the District Collector under the orders of the Board of Revenue (Section 7).

(ii) On the occurrence of a vacancy and in the case of a newly created village office the proprietor of an estate shall within six weeks appoint a person for the performance of the duty and report the same to the Divisional officer (Section 9) who might ask the proprietor to make a fresh appointment if he considers the first appointment objectionable [Section II (i).] In case the second appointment is also objectionable or if the proprietor fails to make the appointment in time, the Divisional Officer shall make the appointment.

(iii) A proprietor duly empowered in this behalf by the Board of Revenue may fine any village officer to the extent of Rs. 3 against which an appeal shall lie to the Revenue officer. [16 (1)].

(iv) The Divisional officer may fine, suspend, dismiss or remove any village officer subject to an appeal to the District Collector or if the order is that of the Collector to the Board of Revenue [16 (2)].

IX.—The work done by village heads as Village Munsifs, Village Magistrates and Village Police officers.

The interest and zeal displayed in reviving ancient village institutions and adapting them to modern requirements during Sir Thomas Munro's *regime* has not, it is feared, been continued ; but, nevertheless, owing to the reforms carried out then, the village heads in this Presidency are in a more efficient state and relieve the general administrative machinery of the work of deciding petty disputes—both civil and criminal—to a far greater extent than in any other part of India.

As regards civil suits, it will have been seen, from what has already been stated, that the powers of village heads as village munsifs extends to the decision of personal claims of value not exceeding Rs. 20. The total number of suits of the above description disposed of by village munsifs throughout the Presidency was, in 1897, (I have not the figures for later years just now at hand) 93,903, while the total number of suits disposed of by District Munsifs of value not exceeding Rs. 20 was only 55,631. Comparatively large as the work is, it must be borne in mind that the powers conferred by law are exercised only by a limited number of Village Munsifs, and at present there is no proper supervision over the work done by them. The superior Revenue Officers do not consider such supervision any part of their legitimate functions. The Judicial Officers—the District Munsifs, Sub-Judges and District Judges—are not touring officers and therefore have no opportunities or facilities for exercising supervision over the proceedings of Village Munsifs. Steps have been taken to constitute Village Bench Courts under Act 1 of 1899, only in 19 villages or groups of villages. There can be no doubt that with proper supervision and guidance of Village Munsifs by Revenue Officers and the extension of Village Bench Courts in all parts of the country where men with the necessary qualifications are available to serve on the benches—and there are hundreds of such places—the system of getting litigation disposed of by inexpensive

popular tribunals is capable of great development much to the relief of the overworked regular Courts, and the poor litigants whose expenses in fighting a case in such Courts are out of all proportion in petty cases to the value of the claims. This, however, is a large question and has been touched upon but briefly here.

The village heads in their capacity of Village Magistrates dispose a fair number of cases under Regulation XI of 1816. The number so disposed of in 1901, was 10,735, the number of persons involved being 17,047; of these 6,000 were convicted, 4,727 being sentenced to simple imprisonment and the remainder to confinement in stocks. The number of Village Magistrates who exercised their powers was 4,556. Three-fourths of the number of cases disposed of occurred in Tanjore, Tinnevely, Madura, Kistna, North Arcot and Salem districts.

As regards the work done by the village heads in their capacity of Police Officers with the assistance of Taliaries or village watchmen, the Report of the Madras Police Committee indicates the true position. The work done is not as efficient as it might be under better arrangements and supervision, but it is very considerable and in fact without the help of the village authorities, the regular Police Stations is received from Village Magistrates through Taliaries and not from beat constables. Mr. Hammick, who as Inspector-General of Police investigated the matter and made a report to Government in 1897, came to much the same conclusion. He stated in his report:—

“I am not myself of opinion that the village Police had ceased to assist the Police to the extent that is generally supposed. From the reductions that have been effected in most districts by the revision of village establishments, the Taliaries have ceased no doubt to give the Police the daily help that they used to in the way of patrolling, but I agree very much with a remark of Mr. Nicholson's on the last Administration Report that ‘much of the detection is due to unacknowledged information given by the local village police to the regular Police. That in fact is natural. But, no doubt, the village direction is not all that could be desired, and a universal problem is the working of the village police with the regular detection and preventive system.’ I am certain that a large proportion of our detection is still due to the assistance of the village Police and it is indeed the great dependence of the regular Police still on the village

officials that makes it so very important to put an end to the drifting away of the village officials from, not police control, but police interests. Unless the experience of every Superintendent is wrong, there has been a great change for the worse in this respect, and it is time that this was stopped.”

At the same time, Mr. Hammick considered that it would be a great mistake to place the village police under the control of the regular police. He observed:—

“If these are the facts,—as I believe they are—what we do not require now is that the District Police Officers should have more power in the way of appointment or punishment over the village police. I am strongly opposed to any steps in that direction and several of the best Superintendents also are against that course. Colonel Porteous favoured it, but, I think, he was wrong. I am certain that the Taliari would be used for all kinds of menial duties by the regular police and would become unscrupulous in methods. He would also work apart from the village head and, as often as not against him. His intimate knowledge of village politics would be lost and he would become a very inferior police officer.

“Leaving the control of the Taliari with the Village Magistrate as at present, I would not even give him exclusive police duties. Sir Thomas Munro's opinion that it was the intimate association of the village watcher with the villagers, gained from his revenue duties, which made him useful as the village police man, holds good even now, and I think there is serious danger that in taking away the ordinary revenue duties of the Village Taliari we should weaken his power as a constable. I would make no change in this matter.

“What, however, should be done is this. First, wherever possible the Taliari establishment should be increased. Secondly, the District officer should be told that the revenue duties of a Taliari are not of greater importance than his police duties, and that they should instruct their Tahsildars and Divisional Officers to insist on the Village Taliari carrying on his police duties properly. These are—(a) patrol of the village (b) the surveillance of strangers, (c) the execution of criminal processes, (d) the carrying of information to Police Stations. Thirdly, every Taliari should carry a brass badge on the arm with the words “Village Police” engraved on it in English and the Vernacular. Fourthly, in the large villages with an establishment of two or more Taliaries, the Taliaries should be supplied with beat-books in which should daily be entered the

initials of the head of the village and one other respectable inhabitant to show that the Taliari has patrolled. Fifthly, when an Inspector inspects a Police Station, as many Taliaries as can be spared should be sent to the station for inspection with their beat-books."

The Government in passing orders on Mr. Hammick's report (G.O., No. 978, dated the 8th July 1897) entirely concurred in his opinion as to the inexpediency of placing the village police under the control of the regular police. The Government observed:—

"It has been proposed in the past that the village police should be placed entirely under the control of the Police Department in order that their work as police might be more closely supervised. His Excellency the Governor in Council is, however, convinced that no such change should be permitted and further considers that the Police Department, should not be granted more powers than it at present possesses in the matter of the appointment and punishment of the village police. The revenue duties of the village police man or Taliari are of too great importance to be exposed to any risk of neglect and it is essential to the government of the country that the village system should be left intact. The Government, indeed, agrees with the Inspector-General in the opinion expressed in paragraphs 42 and 43 of his letter read above, that it is open to the gravest doubt whether,—other objections apart—it would tend to efficiency from a purely police point of view if the village police were placed under the control of the Police Department. In the opinion of the Government, the village police should continue, as at present, to work under the immediate control of the village headman, and the latter officer should be held responsible by the magistracy that police duties in his village are promptly and efficiently performed in accordance with the directions in Part III of the Village Officers' Manual; any marked prevalence or increase in crime in any village should be usually considered to be *prima facie* proof that the headman is neglecting this portion of his work."

As already observed the Government also issued instructions for remedying as far as practicable the inadequacy of the provision made for police duties in the revisions of village establishments.

In the matter of adequate supervision of village watchmen, the Government further directed that all District Magistrates should see that the withdrawal of Magisterial powers from Tahsildars is not allowed to operate to transform the Taliari from a Police Officer,

which he should be primarily, into a Revenue Officer, and to impress upon their subordinates that the village Taliaries should be systematically required to pay due attention to their duties, of which the chief are (1) the patrol of the village at nights, (2) the watching of strangers, (3) the execution of criminal processes (4) the detection of crime, and (5) the reporting of information regarding crime and suspects to the nearest Police Station.

X.—General remarks and suggestions.

It will be seen from the above that much has been done in the Madras Presidency to place the village establishments on an efficient footing from an administrative point of view. The revision of establishments has practically been completed in all districts in which the revenue is collected under the ryotwari system, and the revision as regards village servants who have public duties to perform in zamindari tracts is about to be taken in hand. In the latter tracts the difficulty has been to preserve a due balance between the powers of control to be allowed to the proprietors over village servants whose help and co-operation is essential to them for the determination and realization of their rents and the general management of their estates, and those retained in the hands of Government officers to ensure the efficient performance by the servants of the public duties which they are required to perform. This has been done in a spirit of compromise by allowing to the proprietor in the case of the village servants,—the Karnam, the village head and the Taliari—the right of appointment of persons from among persons possessing hereditary right subject to veto by the Collector. Powers have been given to the proprietor to punish them by a fine in case of neglect of duty, delinquencies of a more serious character and requiring heavier punishment having to be reported to the Collector to be dealt with by him according to the merits of each case. It remains to be seen how these arrangements will work in practice; they will need careful watching.

It must be admitted that the measures taken in the ryotwari districts, *viz.*, the clubbing of villages, the enfranchisement of village service inams, the abolition of grain fees received by the village servants direct from the ryots, the imposition of a village cess in lieu thereof realizable at a uniform rate, the emphasis laid on considerations of personal fitness as opposed to considerations of hereditary right and the enforcement of educational qualifications as tested by public examinations in incumbents of the office have all tended to loosen the

bonds which attached them to the villagers and to make them more and more Government servants pure and simple and less and less representatives of the village communities. This was to a great extent unavoidable. Without clubbing of villages it was impossible to provide an adequate staff and the changes which time had brought about in the way of enlarging small villages into large ones and diminishing the importance of what once were large villages had rendered a readjustment of the ancient village organization necessary in any case. The grouping of villages was strenuously opposed by Sir William Robinson as tending to confuse and eventually destroy the old municipal arrangements, but in view of the difficulties above pointed out, it could not be avoided; and to mitigate the evil, it was ruled that in carrying out the grouping the distances of the villages tracked on to a principal village shall not exceed a mile and a half from the latter; and in nominating the headmen, a man of influence, property and respectability was to be chosen after ascertaining the wishes of the villagers concerned. It must be remembered also that in most cases the village head would possess his old hereditary influence and in any case he would be a man possessed of a large amount of property in the village and of the same caste as the majority of the landholders. The enfranchisement of inams was likewise a matter of necessity. These inams had been treated in the past as private property by the holders and had been allowed to be divided and subdivided among family members irrespective of the consideration whether they rendered service or not. They had to be assessed on somewhat favourable terms and the proceeds made available for remuneration of the working members. Though by this procedure the lands have been separated from the office, still in most cases they are in the enjoyment of the village officers who hold them as private alienable property freed from the condition of service. Hereditary right to village offices is scrupulously respected, and in the legislation of 1895 already referred to, elaborate provisions have been enacted for reconciling it as far as possible with considerations of fitness when the two come into conflict, it being remembered that in nominations to an office involving the performance of public duties, the latter must form the primary consideration. In the case of village headmen, however, it may be doubted whether it is necessary to insist on the incumbent passing an educational test of an elementary character provided ability to read and write be ensured. What is required in their case is to secure men of property and influence and ordinary business capacity, and these may not submit to the condition

of passing an educational test. It would be proper, however, to insist on the passing of an educational test in the case of Karnams or Accountants. They must, by the nature of their duties, belong to a literate class, and they are required to learn surveying, to measure fields etc., in the course of their ordinary duties besides being able to write up the elaborate accounts maintained under the ryotwari system. With the spread of education, the Karnam's work which used to be a special craft or mystery has ceased to be such, and the maintenance of the hereditary principle is of less importance in their case, except in so far as it may be necessary to ensure that a stranger to the village and solely dependent on the emoluments of the office with no permanent attachment to, or interests in, the village is not intruded on the village community.

As regards village watchmen, it is of great importance that the office should be held in hereditary right and remunerated by landed emoluments. The objection to land *inams* sometimes raised, *viz.*, that the watchman cannot attend to the cultivation of land and do the duties of his office is to my mind based on a misapprehension of facts. The grant is virtually made to a family, one member of which is told off for duty as watchman, while the others attend to the cultivation of the land. In emergencies, as for instance when the village is attacked by a band of dacoits, all the adult male members of the family will turn out to repel the attack. As a mode of remuneration land *inams* are much cheaper than cash payments. It is preferred because it serves as a provision for the family, present and future; and I know that in the small states of Gujerat one of the *inams* commonly met with is land granted to families of the caste of watchmen who lost their lives in defending the village from marauders. As Sir Thomas Munro has remarked, the land *inam* held in hereditary right is so much prized that the watchmen will remain in the village when, during war or famine, every body else has deserted it; and if dispossessed of his inheritance will return to it again and again. Watchmen must, of course, of necessity belong to the lower and generally criminal classes. They are not intended to be more than tools in the hands of the village heads for the prevention and detection of crime and the performance of the menial work connected with the affairs of the village. Considerations of educational qualifications and respectability are therefore in their case out of place; and recruitment from among respectable classes, which can at all be effected only at inordinate expense, will result in bringing in classes

of people totally unfit for the kind of work they have to do. What is wanted is hereditary aptitude in observing the movements of suspicious strangers and in tracking criminals, acquaintance with their ways and knowledge as to their methods and haunts. This can be had only in men whose hereditary profession is that of watchmen who come from the criminal classes and are to some extent in touch with them. Under proper supervision, they can be kept out of evil ways. They are trustworthy in one important respect, *viz.*, that they are faithful to the masters who employ them; they will indeed often give their lives if necessary to shield their masters from harm. They are content with bare means of subsistence and are driven to evil courses as a rule only if these cannot be had. If the villagers are willing to give them any grain fees or other allowances over and above the regulated remuneration, no objection should be made to their receiving them. It is, therefore, in my opinion, desirable that the mode of remunerating by land *inams* should be reverted to in the case of village watchmen and that this matter should receive attention in connection with the revision of village establishments in progress in proprietary estates.

(To be Continued)

NOTICE.

TO ALL THE MEMBER SOCIETIES OF THE P. C. U.

Member societies of the Madras Provincial Co-operative Union are requested to remit the annual subscription due to the Union for the current year (1945-46) as well as the arrears, if any, at an early date.

As per by-law No. VI (4) of the Union, "the annual subscription shall fall due at the commencement of each co-operative year and be recoverable as debts due to the Union." They shall be

Hence the member societies are requested to remit their subscription at an early date.

Madras, }
19-9-1945. }

V. VIYYANNA, B.A., B.L.,
General Secretary.
M. P.C. Union.

The Ramachandra Water Lift

BY COLONEL G. B. HOWELL

Military Secretary to H. E. the Governor of Madras

This is an invention of Mr. S. Ramachandra Aiyar of Madras, who is Diplomat of the Madras College of Agriculture, and the mechanism is simple and efficient. It is similar to the ordinary *mhote* (*charsa* or *kavalai*), except that the animal is mounted on a small, low-wheeled platform moving on rails. The combined weight of the platform, bullock and attendant is just sufficient to raise the water from the well to the discharging point, without exertion on the part of the bullock. This lift is suitable for any depth of well, and a ramp with 3 to 1 gradient has been found suitable, economical and satisfactory. The size and volume of the bucket may be from 20 gallons to 35 or even 40 gallons, according to the weight of the animal available. Friction has been reduced to the minimum by the use of ball-bearings for pulleys and the wheels of the trolley moving on rails. There is practically no jerk at the time of discharge, as the trolley is brought to a stand-still gradually. When the upward movement of the bucket is arrested it revolves on its own axis, and discharges the water quickly without much of spilling.

Mechanism of the lift

A lift of this type has been installed in the Guindy Park, Madras, and this report is based on actual observations made during practical tests.

The lift consists of the following parts:

(1) A trolley with roller bearings for the 4 wheels; the weight of the trolley is about 150 lb; size 4 ft. x 3 ft.; size of wheels 6½ in. in diameter excluding flanges.

(2) An iron bucket weighing about 50 lb. with a capacity of about 33 gallons; 20 in. deep and 22 in. in diameter.

There is a projection at the bottom of the bucket to which is attached a rope which goes below the wooden cross beam on to the upper end of the trolley. This rope is used for tilting and filling the bucket.

(3) A double grooved pulley with two cast iron stands fitted with roller bearings, mounted on the cross beam at the top of the

THE MADRAS JOURNAL OF CO-OPERATION

well. A flexible steel rope, $\frac{1}{2}$ in diameter, goes over one of the grooves; one end of the rope is attached to the bucket and the other to the upper end of the trolley. A momentum or control rope in the form of a cross belt passes over the other groove from the upper end of the trolley, over the pulley, across the entire length of the ramp, and then over the pulley at the foot of the ramp and on the lower end of the trolley.

(4) A single grooved pulley with cast-iron bearings at the foot of the ramp between the rails.

(5) Track of rails, $2\frac{1}{2}$ ft. gauge, 5 ft. longer than the depth of well as measured from the silt to the point of discharge.

(6) A guide rod $\frac{1}{4}$ in. in diameter, from the point of discharge to the bottom of the well.

Method of working

When the lift is not in use, the trolley is derailed at the foot of the ramp and the bucket is at the discharging point on the top. For operating the lift, the following are the details of procedure: (1) The derailed trolley is put in position, and released and it moves up the ramp automatically by the weight of the empty bucket. This brings the empty bucket down the well and leaves it flat resting on the water. (2) The attendant goes up the ramp, pushes the trolley forward so as to tilt the bucket and then pulls the tilting rope. This fills the bucket, and leaves it just below the water level. (3) Meanwhile, the bullock goes up the ramp between the rails and mounts on the trolley; when the fore-feet are on the trolley, half the bucket is seen above the level of the water, and when the bullock is fully mounted the filled bucket just rests on the water. (4) After seeing that the animal is well settled on the trolley, the attendant mounts the platform on the animal's right, and pulls the momentum rope which sets the trolley moving down. (5) When the trolley reaches the foot of the ramp, the bucket is at the top of the well, and water discharges. Then the bullock dismounts on its left, the attendant then releases the trolley which moves up the ramp automatically for the next filling. (6) The attendant goes up the ramp and repeats operations No. 2; meanwhile, the animal goes up and mounts the trolley as explained in No. 3.

Capacity and cost

The capacity of this lift for discharging water, working at an average speed, with a 33-gallon bucket for 6 hours a day on 3 to 1



FIG. 1. On the move down.

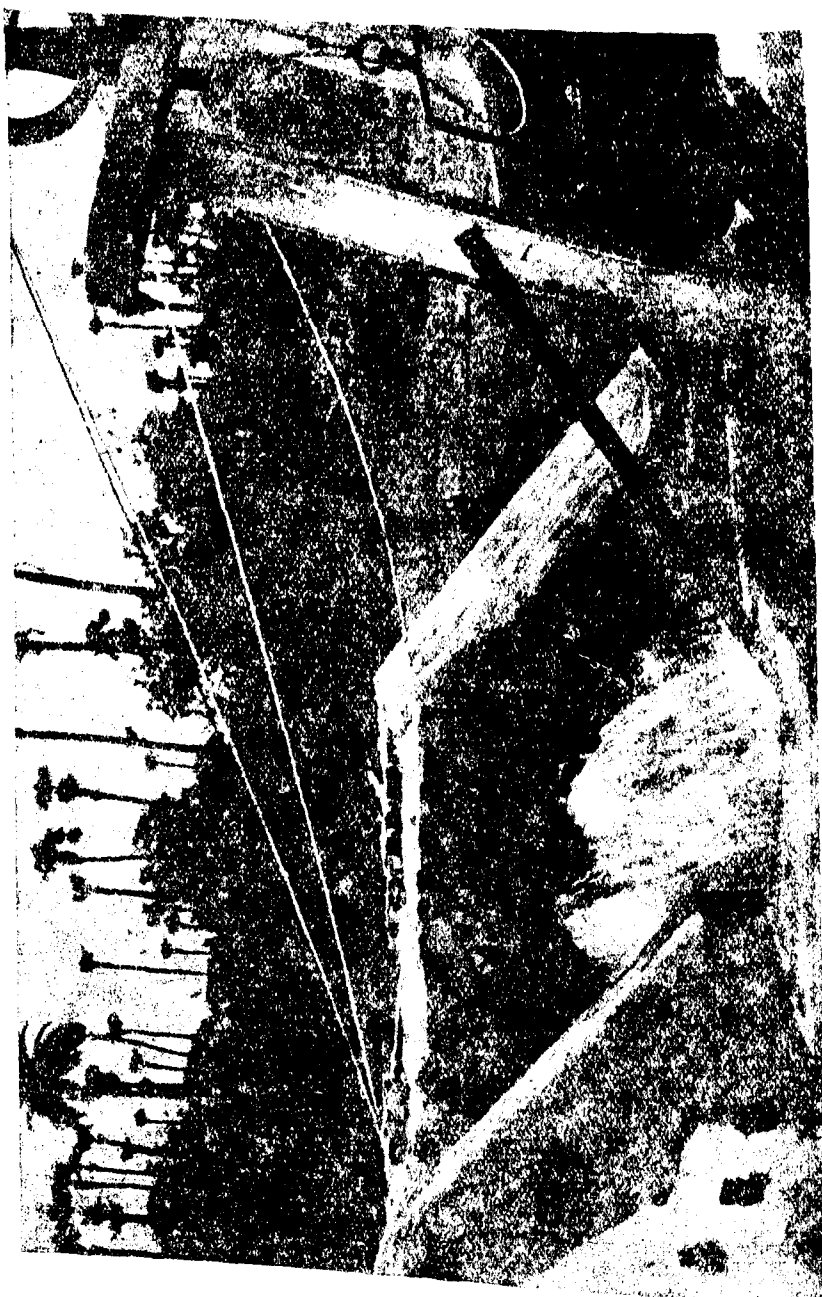


FIG. 2. Bucket discharging water.

THE RAMACHANDRA WATER LIFT

gradient, may be taken as under, allowing 3 gallons per bucket for spilling and increase of depth as the water level goes down :

Average depth	No. of buckets per hour	No. of gallons per hour
15 ft.	100	3,000
20 „	90	2,700
25 „	80	2,400
30 „	70	2,100
35 „	60	1,800

It is quite easy to work the animal 6 hours a day in two shifts of 3 hours each. The animal has simply to walk up the ramp, mount on the trolley, glide down and dismount for each bucket. The distance that the animal has to walk up per day of 6 hours, works out to :

For 15 ft. depth	15 × 100 × 6	—	9,000 ft.
„ 20 „ „	20 × 90 × 6	—	10,800 „
„ 25 „ „	25 × 80 × 6	—	12,000 „
„ 30 „ „	30 × 70 × 6	—	12,600 „
„ 35 „ „	35 × 60 × 6	—	12,600 „

The pre-war price of the lift, complete, for a well 30 ft. deep, was about Rs. 160. But the present price will be about Rs. 400. The ordinary earthen ramp with slight regrading can be used.

A simple device

The training of the bullock is simple and even the most recalcitrant should not take more than a week or ten days, and a ryot with average intelligence can train the animal and operate the lift successfully. The weight of the animal is the motive force and, considering that no heavy exertion is entailed, old and unserviceable animals suffering from yoke-galls, etc., and even buffaloes can be used for the purpose. The main advantages of the lift are :

- (1) It is built on sound engineering principles and is simple and efficient.
- (2) Any animal can be used and trained easily.
- (3) One animal does the work of four animals without much exertion. The animal has rest for more than half the time during the day's work, while it glides down and also when it remains stationary after dismounting and before the next bucket is filled.

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(4) There is no backing, heaving, straining and pulling associated with the primitive method employed in the *mhote*, and consequently animals used on this lift are bound to outlast and remain more healthy and serviceable than those working in *mhotes*.

(5) The depth of the well does not matter: it will only entail a longer ramp.

Although this lift was invented as early as 1914, it has not received the publicity and encouragement it deserves owing to lack of enterprise, want of capital and organization. The conservatism of agriculturists generally, and inadequacy of a sufficient number of mechanically-minded ryots to handle this simple contrivance probably militated against its adoption when it was first introduced. Once the principle underlying the construction of this lift is properly understood and receives adequate recognition, there should be no difficulty in fabricating these lifts in every village in conformity with approved specifications. The buckets could be made in different standardized sizes to suit the weight of animals available.

In course of time, it should be possible for the ryot to get from the nearest cattle fair or from his own village itself animals fully trained for work in this lift in the same way as he has been getting animals trained to the plough, cart and the *mhote*. The handing and maintenance of the lift will be child's play to the vast army of technicians now on field service when they return to their homes and take to agriculture again after peace is restored.

—Indian Farming, September, 1944.

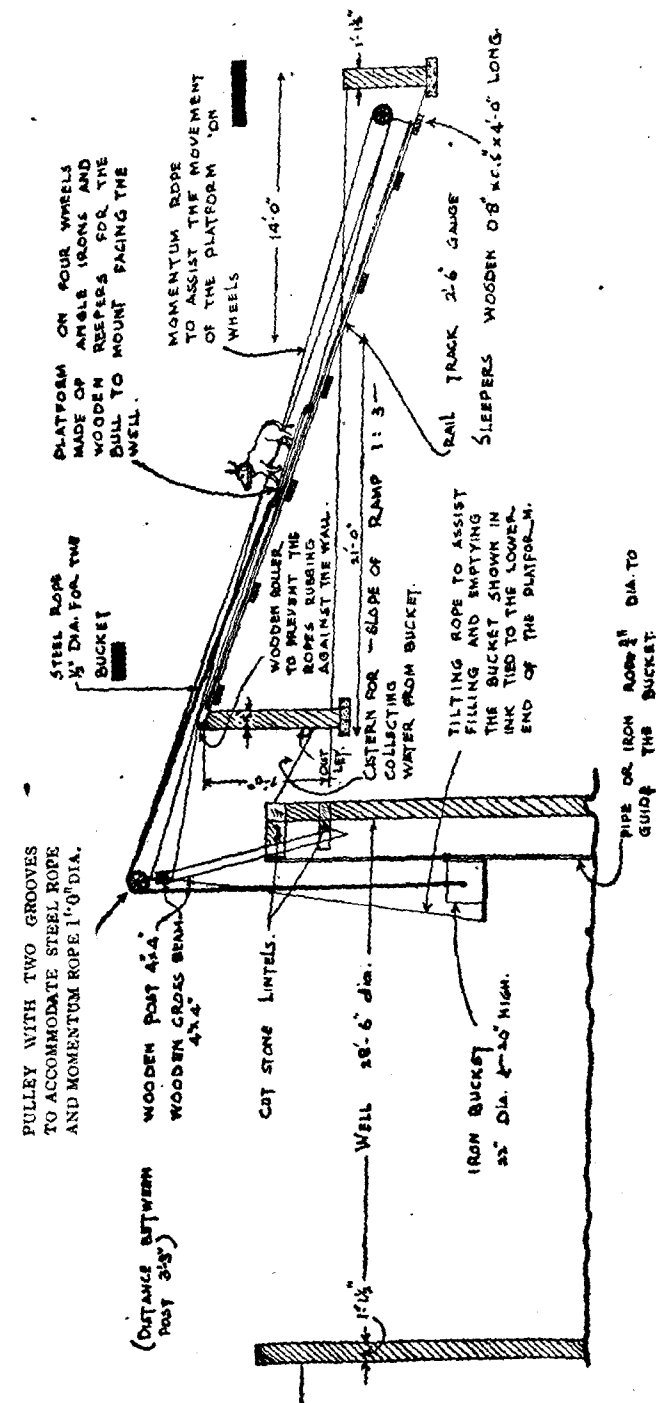
Available for Sale.

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.



NOTE: WIDTH OF RAMP 7'0"

LONGITUDINAL SECTION

—GUINDY PARK—
—RAMACHANDRA WATER LIFT—
—GOVERNMENT HOUSE GUINDY—

Scale: 1" = 6'0"

Rural Development Organizations

A.—PRELIMINARY

We have referred more than once in this report to the note prepared by Dr. Burns on the "Technological Possibilities of Agricultural Development in India". At the end of that note a very important question, viz., the type of agricultural organization most suitable for realizing the technological possibilities described in the note, is raised in the following terms:—

Everything points to some type of collective organization. . . . In any planning of agriculture for the future, one inevitably turns to the great Soviet experiment. While keeping an absolutely open mind as regards that experiment, I would quote in conclusion a remark by the late Sir Daniel Hall, one of the most level-headed of British agricultural scientists: 'What is, however, worthy of consideration is the fact that the men who planned the Soviet organization, men lacking neither in knowledge of the material world nor a perception of affairs, did deliberately abandon the peasant structure of agriculture to which they had been habituated, and have attempted to replace it by large-scale exploitation of the land, using all the resources of science and machinery. The motive was to obtain increased production, more food for a vast population that was insufficiently fed and liable to famine, and yet at the same time to liberate more labour for the other industries, whereby the total divisible wealth of the population would be increased.'

On this problem of organization we put the following questions to Provincial Governments:—

(i) The view has been often expressed that individual holders of land cannot achieve any material increase in production or improvement of their standard of life unless they are organized for the purpose e. g., on some kind of collective basis. Do you agree with this view?

(ii) Describe the extent to which co-operative societies, *panchayats*, or other organizations are at present functioning in rural areas of your Province. Assess their adequacy or usefulness for the purpose stated above.

(iii) If you consider them inadequate or inefficient, can you outline practical methods of constituting some form of village organization which would efficiently secure the purpose in view?

An abstract of the replies received is appended to this report.

2. Our first question was intended to be general, though some have interpreted it as a specific enquiry about collective farms. The replies indicate first, a consensus of opinion on the need for an advance from

¹ Appendix VI. (omitted)

RURAL DEVELOPMENT ORGANISATIONS

the present unorganized condition of agriculture; secondly, a general belief that, while the line of advance must be through a great extension of co-operation, the present forms of co-operative organization do not fulfil the purpose in view and that the best methods of applying the principles of co-operation to the problems of the small farmer still remain to be worked out.

3. It will be observed from the abstract of the replies appended to this report that references are made to "collective farming", "joint farming" and "co-operative farming", sometimes in different senses and sometimes as though the terms were synonymous. It is desirable that the various types of organization should be distinguished by different names. The term "collective farming" has come into use in relation to the type of farming which has developed in Russia and should, in our view, be reserved for that type. So far as we understand, the members of a collective farm possess no right of ownership in the land of the farm, they are co-workers in the enterprise, paid according to labour-time contributed by them, and collectively undertake its management subject to certain obligations to the State.

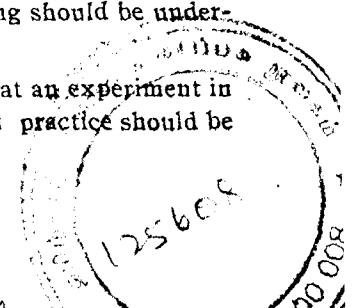
The expression "joint farming" is a convenient term for describing a type of farming which has been suggested by certain economists of Madras. Their views have been quoted by the Government of Madras in the following terms:—

Nor is consolidation likely to be of much avail when the size of most of the holdings is far too small. A more rational though difficult line of experiment would be to organize co-operative or joint farming on a scale which would permit the use of improved implements and methods. The existing holders of fragments should be induced to merge their plots in the enterprise tentatively and, if success is assured, permanently in return for proportionate share in the enterprise. They can work on the co-operative farm as wage earners.

The suggestion here is that individual rights in land should not be abolished but converted into shares in a joint enterprise. In this way, the collective farm idea would be adapted to Indian conditions and the elements of expropriation and social conflict which marked the establishment of collective farms in Russia avoided. We think it desirable that the term "joint farming" should be reserved for this type of organization.

A third type may be described as "co-operative farming". This type has been referred to by the Government of Bombay when considering a proposal that an experiment in collective farming should be undertaken in that province. They observe as follows:

A suggestion has been made to Government that an experiment in collectivized agriculture on the lines of the Russian practice should be



undertaken in a group of 15 to 30 villages with an area of about 30,000 acres. But public opinion is not ready for so revolutionary a change in agricultural economy, and prefers that experiments may be tried in co-operative farming with a view to eliminate the middleman, market the produce on a co-operative basis, cultivate crops according to a pre-arranged plan and secure finance at cheap rates through co-operative agencies. Government is considering to what extent this suggestion can find a place in the post-war plan.

We consider that the expression "co-operative farming" should be reserved for the type of organization described by the Bombay Government, that is, farming by individuals who retain unchanged their rights in land but are united in a co-operative organization, designed to afford its members assistance and facilities for improving production, for the sale of their produce on the most favourable terms and for obtaining credit at reasonable rates.

4. We think the suggestion made about joint farming is interesting. As a type of organization to be developed on a large scale we do not consider it to be immediately practicable, nor are we convinced that it would always and everywhere promote increased production, for instance, in the cultivation of rice and garden lands. We hold that the immediate task is to concentrate on the promotion of co-operative farming in the sense we have defined the term.

B.—MULTI-PURPOSE CO-OPERATION

5. The passage quoted from the reply of the Bombay Government clearly indicates the multi-purpose character of "co-operative farming". We quote below a passage from the reply received from the Bengal Government which brings out even more fully the variety of purpose, in addition to the provision of short-term and long-term credit, for which co-operative farming organizations are necessary :—

"Increase in production can be achieved by (1) the use of improved seeds, (2) the use of scientific manure and fertilizers, (3) the use of improved agricultural implements, (4) providing irrigation or drainage facilities where necessary, (5) providing embankment for protection of land where necessary, (6) consolidation of the existing small and scattered holdings.

(4) and (5) are almost always possible through joint efforts. (6) would invariably call for combined efforts. (1), (2) and (3) can be made available at a reasonable cost only by joint purchase.

An ordinary holder of land does not get the adequate return for his produce. He is often compelled to dispose of his crop immediately after harvest at a low price to meet his immediate pressing needs. He has no holding capacity and commands only the harvest price. This drawback

can be removed and a better price can be ensured to him by setting up a marketing organization through which he will sell his marketable produce and which will make an advance to him against the crop delivered to help him in meeting his present requirements. The organization will hold the stock and try to sell the same at the best possible market, the benefit of which will go to the producer.

Some sort of cottage industry may be introduced in the family of an agriculturist to keep the adults engaged during the off-season and also to afford a share to the womenfolk to contribute to the joint income . . . The raw materials can be provided at an advantageous price through collective purchase. Similarly, the finished products can be sold at an advantageous price in a suitable market through joint sale."

In other words, co-operation should cover the whole field of farm economy. The provision of relatively cheap credit is not enough; in fact, cheap credit by itself may do harm. A co-operative society of which a small cultivator is a member, should be able to assist him in many ways in his farming business.

6. The question arises whether it is possible to organize the small and medium farmer in a co-operative society which is capable of serving such a variety of purposes. One view, until recently the generally accepted view among co-operators, is that it is not. In this view it is necessary to organize special types of co-operative activity through special types of societies constituted for the purpose. The Royal Commission on Agriculture endorsed this conclusion. They held that co-operative societies with a single purpose are to be preferred to multi purpose societies. Their views on this subject are given below.¹

The credit society has proved easy to manage; its principles are readily understood: its requirements are within the capacity of the villagers to provide and it has done much to inculcate the value of self-help and of mutual help. A successful credit society is the best basis on which to organize other types, but it is not easy to educate the people to the advantages of these types. Debt is felt as a burden but there is not the same ready appreciation of the value of joint purchase and sale, of insurance or of the many other schemes with which experiments have been made. Where business activities are involved, business management is required and it is not easy to find the capacity for this from amongst the members of societies. Such talent in this direction as exists usually prefers to find scope in working for private gain and several promising societies have come to grief owing to the secession of an important office-holder who, seeing the possibilities of profit, decides to put his own interests first and to start a rival business. Lack of training in such matters as the combined purchase of agricultural

¹ Report of the Royal Commission on Agriculture, page 467.

requirements and the sale of produce has limited the choice of members of committees, and, where the men most fitted to serve in this capacity in credit and non-credit societies are the same, the question arises whether the same society would serve more than one purpose or whether there should be separate organizations for separate objects. No hard and fast rule or practice in this respect has yet been established in any province. Where the secondary object is of minor importance, such as the distribution of seed once or twice a year, or where the work involved is too slight to justify the establishment of a separate society, the credit society has usually undertaken the additional duty. But if the new object is of such a different character that it appeals to a different membership¹ of such a different character that it appeals to a different membership¹ separate societies are usually formed. The fact that, under the law, rural credit societies must have unlimited liability is recognized as an impediment to their undertaking business for which limited liability is more suitable, and where societies with unlimited liability are undertaking other functions, it is usual to keep separate accounts for the latter. We found that, on the whole, the single purpose idea met with general acceptance, and that, where exceptions occurred, these were based on reasonable grounds. The multiple-purpose society is nowhere advocated on grounds of policy; it is usual to describe the objects of a society as to permit of secondary functions being performed without a breach of the law, but this is for convenience only and has not led to societies attempting to combine incompatible activities or risking their unlimited liability in transactions for which it is entirely unsuitable.

Broadly summarized, the practical objections to the multi-purpose society are twofold: first, the society will require continuous and competent guidance and supervision to an extent which is unlikely to be forthcoming; and, secondly, that while there are certain purposes for which it is essential that a society should be constituted on the basis of unlimited liability, there are certain other purposes for which unlimited liability is undesirable, and these cannot be satisfactorily combined. Are these objections conclusive? If they are, we fear that the contribution which co-operation will be able to make to a real improvement in the economic position of the small and medium farmer will be very small. We note that the progress achieved on the non-credit side of co-operation in rural areas through societies formed for specific purposes has been far from impressive.

7. The case in favour of the multi-purpose society as a basis for the development of co-operative farming has been expressed as follows:

In recent years co-operation has included in its programme other economic aspects by establishing societies for the consolidation of holdings, purchase and sale societies, compulsory education societies, better

¹ Reserve Bank of India, Agricultural Credit Department Bulletin, No. 1.

living societies, and so on, and considerable progress has been made on these lines in several provinces like the Punjab, Bombay, etc. But even now co-ordination of these activities is lacking. Where separate societies of these kinds exist for different members, no single member gets all the benefits which are required to put him on a surplus economy. To carry out the scheme to its logical conclusion there must be as many societies in each place as the problems which give rise to the deficit budget, each endeavouring to do one particular service to the peasant to enable him to save expenditure or increase income. The possibility of organizing the co-operative movement in India in this manner is remote. Even if this was practicable it would result in considerable waste of effort and duplication. It is also doubtful if such separate disjointed efforts can achieve a single goal. The Indian peasant himself is the greatest stumbling block in the way of progress of such a scheme. He is ill-educated and conservative, with no incentive to improve his standard of life. Having become used to a very low economic condition for a long time it is difficult for him to change his whole outlook on life, his habits and methods of work. What is possible in advanced countries like Denmark, where the whole business of agriculture is organized on economic lines and where the farmer knows his own business, is not therefore possible in India. Here it is not easy to create in the farmer an enthusiasm for all kinds of new activities at once. He cannot be induced to join a number of organizations. He is happy when all his needs can be satisfied by the same agency, and is used to the moneylender-trader who supplies all his wants. His whole psychology of life must be changed and if this is to be done it is necessary that he should be taken up as a whole man and that all the aspects of his economic life should be dealt with by the same agency.

8. It has been suggested that the necessary conditions for the successful development of multi-purpose co-operation are as follows: (i) the organization of small and medium farmers in each village or group of villages in multi-purpose societies with unlimited liability; (ii) the federation of multi-purpose village societies functioning in a relatively small area—an ordinary *taluka* would be of a suitable size—into a multi-purpose co-operative union organized on the basis of limited liability; and (iii) adequate technical (and, in the early stages, financial) assistance by Government to the multi-purpose co-operative union. It is believed that, given these conditions, the difficulties referred to at paragraph 6 above can be overcome.

9. The investigations¹ conducted by the Agricultural Credit Department of the Reserve Bank of India suggest that a co-operative organization on the lines mentioned in the previous paragraph should

¹ The results of these enquiries have been published in a number of bulletins issued by the Bank.

serve the purposes we have in mind. It is an interesting fact that what is perhaps the oldest co-operative society in India, the Shamlat Society of Panjavar in the Punjab, originally registered under the Indian Registration Act on the 20th February 1892, was formed on a multi-purpose basis. Its development and example led to the appearance of an organization similar to the one we have described. The Panjavar Co-operative Union, Ltd., which was registered in 1923, operates in a part of the Una Tehsil of the Hoshiarpur district in the Punjab, and has the following objects, according to its by-laws:—

(i) Carrying on of banking and credit business; (ii) purchase and sale on common account of agricultural implements and produce and domestic requirements; (iii) the supervision and audit of registered co-operative societies; (iv) the provision of educational assistance to members of such societies; (v) other measures designed to improve the work and extend the usefulness of such societies. We understand that these objects are not merely pious aspirations embodied in by-laws but are actually realized in practice. The Union is said to have successfully weathered the storm of the economic depression and is reported to be efficiently guiding and assisting as many as 99 affiliated societies. Another instance of a successful multi-purpose co-operative union is the Kodinar Co-operative Banking Union, Ltd., in the Kodinar taluka of Baroda State. This is probably the first multi-purpose co-operative union formed in India; it was registered in 1912. The objects of this union are as follows: (i) To advance loans to affiliated co-operative societies, to inspect and supervise their work, and to take steps to accelerate their progress; (ii) to carry out works of common benefit to societies, to give them advice, to help them in their work, and to ensure their increased welfare everywhere; (iii) to supply implements, seeds, and other agricultural requirements of the societies; (iv) with the previous permission of the Registrar of Co-operative Societies to open stores for the societies: (v) to collect money in any of the following ways for the work of the union and for making loans to societies:—(a) shares, (b) deposits from members, (c) deposits or loans from the Government, members, other associations or individuals, (d) gifts; (vi) to determine yearly, with the approval of the Registrar, the amount of credit to be allowed to each society. Thus, this institution, though called a banking union, performs the functions of at least three different institutions: a bank, an agricultural supply and sale society and a supervising institute. Enquiries made at the instance of the Reserve Bank of India show that this institution and its affiliated societies have functioned efficiently over a long period. The combination of activities, which is the distinctive feature of both the union and the affiliated societies, has not occasioned any difficulty—it has in fact been the principal cause of their success.

10. Our conclusion is that "co-operative farming" must of necessity involve multi-purpose co-operation; that the difficulties referred to by the Royal Commission on Agriculture can be overcome by a suitable type of co-operative organization adapted to the requirements of the small and medium farmer; and that an essential feature of this type of organization is the federation of multi-purpose village societies, organized on the basis of unlimited liability, into multi-purpose co-operative unions constituted on the basis of limited liability.

11. There is one matter to which we desire to draw particular attention. Success in the organization of multi-purpose co-operative societies will depend largely on local leadership and official guidance and supervision. For instance, the success of the Panjavar Co-operative Union has been in large measure due to the fact that the founder-President and his successors were men of ability who commanded the confidence of the people and took a keen interest in all matters concerning the welfare of the cultivator. Again, experience in the working of the Kodinar Banking Union has shown how essential it is to employ a well-paid and efficient manager. We are of the opinion that if success is to be achieved the multi-purpose co-operative union must not only have a directorate consisting of non-officials who command the confidence of the people, but must also be provided with an efficient staff. Above all, the manager must be a person who is familiar with all aspects of village life and has been trained in the methods of co-operation. Preferably, he should be an agricultural graduate who has received training in the Co-operative Department. In the early stages progress, particularly in areas where local leaders of high calibre are not available, will depend largely on the manager's initiative and his influence with the people. The post should, therefore, carry an adequate salary and possess future prospects. It should not be impossible for arrangements to be made whereby a successful manager will be eligible for promotion to posts in the Co-operative Department. We attach importance to this because it would be idle to expect managers to continue to work with zeal and enthusiasm, if they cannot look forward to promotion as a reward for efficient service. Again, the union would probably not be able, in the early years of its existence, to meet the cost of a well-paid manager and we consider that a grant by Government towards this expenditure would be fully justified.

We also attach importance to constant guidance and supervision by official agency, that is, by officers of the Co-operative Department. This does not mean, of course, that the activities of the union and its primary societies should be subject to strict official control. Self-help is the foundation of the co-operative movement and the directors of the union and members of the primary societies must recognize that responsibility for the working of the institutions rests primarily upon them. Every

society must learn to keep its own accounts and transact its own business. But until the principles of co-operation are more fully understood we consider it essential that official guidance and control should be maintained.

12. Throughout this report we have described the numerous directions in which effort is needed in order to improve the economy of the village and we have laid stress on the role which Government must play in bringing about this improvement. We desire at this stage, however, to emphasize our conviction that the amount of improvement which can be effected by direct contact between an official organization and the individual villager is limited. It is only when the people themselves are properly organized collectively that they will be in a position to make full use of the advice, assistance and the facilities which an official agency can place at their disposal. As the Royal Commission on Agriculture observed¹:

It is quicker and easier in so many cases to do something for others than to teach them to do it for themselves, and the narrow limitations to the former method are apt to be overlooked. A considerable amount of seed can, for instance, be distributed by the official staff of the Agricultural Department and a million or more acres may be covered with a new type of cotton or wheat; but this result, although satisfactory in itself, is a comparatively small contribution to the problem of covering every acre in India with good seed of an improved type. Where the problems of half a million villages are in question, it becomes at once evident that no official organization can possibly hope to reach every individual in these villages. To do this the people must be organized to help themselves and their local organizations must be grouped into larger unions, until a machinery has been built up to convey to every village whatever the different expert departments have to send it. It is by such a system and by such a system alone that the whole ground can be covered. Only through the medium of co-operative associations can the teaching of the expert be brought to multitudes who would never be reached individually. . . . If the cultivators of India in the mass are to be won over to the use of better seeds, to improved methods of cultivation, to the better care of cattle, to the adoption of precautions against animal or plant disease, it must be through the agency or their own organizations. Nothing else will suffice. With the mass of the cultivators enlisted in the campaign for their own improvement, miracles can be achieved. . . . Once local opinion can be moved in favour of change, more is gained than by the conversion of an isolated individual. A whole village organized to carry out the advice of the expert is a fertile field for the propagandist; where novelty has become fashionable,

¹ Report of the Royal Commission on Agriculture, page 468,

the path of the reformer is made easy. What is needed in India is a new public opinion which will break away from the old custom and lead people to adopt those measures which careful research has proved to be most beneficial.

13. We are, therefore, of opinion that the future development of agriculture in the case of the small and medium farmer depends in considerable measure on the ability of Government to bring together cultivators in multi-purpose organizations of the type we have described in paragraph 8 above, to establish effective contact between those organizations and the agencies of Government and to carry through a programme of planned development embracing all aspects of the economy of the cultivator. This will be a tremendous task. We recommend that a beginning be made by carrying out a detailed survey of economic and social conditions in selected areas in each province, and by preparing on the basis of such a survey a comprehensive plan of the improvements required to be carried out by the joint efforts of a co-operative farming organization, such as we have described, and Government agency. We believe that it is only by concentrating effort in this manner in selected areas that a clear idea will be obtained of all the problems to be solved and decisions reached as to the measures to be taken for their solution.

C.—ORGANIZATION OF LARGE LANDHOLDERS (OCCUPANCY-RIGHT-HOLDERS) AND FARM-WORKERS

14. The multi-purpose co-operative organizations described in the preceding section, are suitable for the most numerous class of cultivators, that is, for those who, whether they are occupancy right-holders or non-occupancy tenants, cultivate their lands wholly or predominantly with their own labour and that of their families. This class does not, however, comprise the whole of the rural population. There are two other important classes, the "large landholders" and the "farm-workers". Large landholders are occupancy right-holders who cultivate their land wholly or predominantly by hired labourers or crop-sharers or let it out on cash or fixed produce rents. Farm-workers are those who depend for their livelihood wholly or mainly on wages in cash or in kind,

15. Large landholders are relatively few in numbers, but the importance of ensuring that they fulfil their functions adequately is great, for, as we have pointed out, the amount of land held by them is very considerable. This fact is so important that it is necessary to draw attention to certain figures which illustrate it. In paragraph 16 of Chapter I of this part of our report, we gave certain figures in regard to holdings in the province of Bombay. An analysis of those figures shows that, while the number of holdings with an area of over 25 acres is only about 13 per cent of the total number of holdings, the land included within these holdings amounts to 50 per cent of the total area. The

position is similar in the Punjab. In that province, the number of holdings with an area of more than 25 acres is only 6 per cent of the total number of holdings but the extent of land covered by them amounts to as much as 53 per cent of the total area. On the basis of the statistics available it has not been possible to make similar estimates for the other provinces. We have, however, little doubt that in all the provinces large landholders are responsible for the cultivation of a large proportion of the total area of cultivated land.

16. The main problem in the case of the numerous class of cultivators for which a multi-purpose co-operative organization is necessary, is the small size of the farm and the consequent lack of resources. In regard to large landholders, however, the problem is different. Their holdings are adequate in size. Again, as we have said, high prices for agricultural produce during the last three years have enabled many of them to repay their debts; and if, as we recommend, agricultural prices are maintained at a reasonable level during the post-war years, it should be possible for them to maintain a higher standard of cultivation than before the war. It is essential that they should do so and it is from this point of view that we stress the need for agricultural associations.

As we have explained in paragraph 45 of Chapter I of this part of our report, we believe that such associations would perform a valuable function if they undertake a critical review of the methods of cultivation practised by their members, and take steps to encourage the general attainment of the standard of efficiency reached by the best among them, so that a spirit of healthy competition may be promoted, a sense of pride in making the best use of the land generated, and the general standard of cultivation progressively increased. We would add that we include in this conception of a higher standard of efficiency not only the application of greater care and attention to cultivation but also the provision of fuller employment, better wages and better living conditions for farm-workers. It is clear that the acceptance by Government of an obligation to maintain agricultural prices at a reasonable level involves a corresponding obligation on the part of agricultural employers to improve the standard of life of farm-workers.

While we conceive the main objective of agricultural associations to be an increase in the cultivating efficiency of their members, they can also perform useful functions in promoting the interests of agricultural industry as a whole. In this connection, we would draw attention to the view expressed by the Central Banking Enquiry Committee in the following terms:—

We have . . . referred . . . to the unorganized state of agricultural finance, production, and marketing. We are strongly of opinion that the producer should have a forum in which agricultural

opinion on all these matters is focussed and crystallized into well-thought-out programmes for the advancement of industry. In many countries, for example, Germany, the agriculturists meet in Chambers of Agriculture for discussion of questions of common concern. We are impressed with the need for the establishment of such Chambers and the usefulness of their activity. We consider that such Chambers of Agriculture might, with considerable advantage, be established on a provincial and regional basis.¹

We are in sympathy with this recommendation. We believe, however, that the establishment of Chambers of Agriculture for the discussion of questions of common concern to agriculturists will not be practicable, until agricultural associations of the nature we have described have been formed in smaller areas, and have proved their worth in improving the standard of cultivating efficiency of their members.

17. The aim of agricultural development is not merely an increase in production; it also includes the allotment of a larger share of such production for the benefit of the weaker members of society. The economic position of the weakest section of the agricultural community, the agricultural labourers, must also be improved. To this end we suggest that farm-workers as a class should be organized. In making this proposal we do not contemplate that the only object and result of such associations would be an increase in agricultural wages and an improvement in the standard of living of farm-labourers. A labourer enjoying a reasonable wage is likely to be a more efficient worker than one who is ill-paid, and it may be expected that an improvement in the living conditions of farm-labourers would be accompanied by an increase in their general efficiency, and that this, in its turn, would result in increased production. We would also hope that these associations would be able to effect improvements in habits and social customs, in fact that they would operate as better living organizations. In many parts of the country the uplift of the farm-worker means the uplift of the depressed classes and we may recall the observation made by the Royal Commission on Agriculture.

We are convinced that the best way to help the depressed classes is to get them to help themselves; to instil in them a desire for education and for the removal of their disabilities is to win far more than half the battle of their emancipation.

We, therefore, suggest that Provincial Governments should study the methods by which the formation of farm-workers' associations may be promoted and guidance and assistance given to them so as to ensure their development as agencies, on the one hand, for the economic and social betterment of their members, and on the other, as instruments of co-operation in the improvement of agricultural production.

¹ Report of the Central Banking Enquiry Committee, page 228.

D.—RURAL ADMINISTRATION AND CO-ORDINATION

18. We have been concerned throughout this report primarily with the economic aspects of rural development; we have not attempted to deal with the social and cultural aspects. To some extent emphasis on the economic aspects is inherent in the conditions of life we have described—first things must come first. The necessities of life must take precedence over amenities; and among these necessities food comes first. But economic development on the one hand and social and cultural development on the other cannot be separated into water-tight compartments, nor can the provision of social and cultural services be postponed until economic development is complete; further, progress in the economic field is conditioned by progress in the social and cultural fields. Ignorance and ill-health, no less than poverty and economic insecurity, are responsible for a mental outlook, compounded of apathy, lethargy, resignation and lack of ambition, which must inevitably present obstacles at every stage to any scheme of planned development. Economic, social and cultural development must thus go hand in hand. Rural development is not merely a question of a more efficient utilization of material resources; it includes the development of the physical, mental and moral resources of the rural population. We may draw particular attention to the slow pace at which literacy is advancing. In spite of the progress made during the last decade, over 85 per cent of the total population is still illiterate. Again, there are on the average only two primary schools for every five villages and the average annual expenditure per head of population on education amounts to the small sum of about 9 annas.

19. In the last two sections we have described the major types of organization which we consider to be necessary and suitable for assisting in the solution of the economic and social problems of three broadly different classes of agricultural society. The fundamental feature which we desire to stress in regard to these organizations is that they should be voluntary in character. The scope of their jurisdiction and authority should be limited to their members, who should be free to accept the obligations and privileges of membership with reference to their individual needs. We trust, however, that we have made it clear that it is a necessary condition of progress that Government should undertake a large extension of public enterprise in the economic, social and cultural spheres directly through their own administrative and technical organizations. It will also be necessary for Governments to guide, assist and, to such extent as may be necessary in the public interest, control the various private organizations.

20. This leads us to the important question whether the administrative machinery of the Central and Provincial Governments is adequate for the tasks awaiting them in the immediate future. Obviously this

question demands the earnest and immediate attention of all Governments concerned. Towards the end of 1944, the Government of Bengal appointed a Committee, the Bengal Administration Enquiry Committee, to make recommendations for the improvement of the administration of that province. The Committee was required "to assess the work to be done by the Government of Bengal both now and in the foreseeable future in order to ensure the efficient Government of the Province of Bengal on modern and progressive lines, and to report to what extent the existing administrative machine is adequate in structure, extent and quality, and to recommend methods of improving it at all levels to render it adequate for the efficient discharge of that work." The terms of reference mentioned in particular the suitability of the present territorial jurisdictions, the utilization of local self-governing institutions, the employment of technical personnel and the recruitment to and conditions of employment in the public services. We suggest that a similar enquiry in other provinces is worthy of consideration.

21. We do not propose to examine in detail the numerous organizational problems involved, but we desire to draw special attention to two, namely, first the need for ensuring the highest degree of co-ordination of the various administrative agencies engaged in rural development, and, secondly, the need for the active association of representatives of the rural population with rural administration.

22. The principal proposals made by the Bengal Administration Enquiry Committee for the purpose of securing co-ordination of policy and administration in the field of development are as follows:—

(i) The establishment of a Development Committee of the Cabinet of which the Chief Minister should be the Chairman and Ministers in charge of Development Departments members.

(ii) The establishment of a Development Board consisting of Secretaries to Government in the Development Departments, together with Secretary of the Finance Department. The functions of this Board would be, first, to prepare for the consideration of the Cabinet Development Committee an integrated provincial development plan by endorsing, modifying or adjusting the plans of the different departments, secondly, to transform the functional plans of each department into a territorial plan for each district, and thirdly, to keep constant watch over the execution of the provincial and district plans.

(iii) The co-ordination of all district development activities under a single administrative head, the District Officer. Under this proposal, the District Officer would be responsible for ensuring that the provincial development plan, so far as it applies to his district, proceeds as a combined operation. The officers of the different Development Departments

stationed in the district would be directly responsible to the District Officer in every respect save that of the technical aspect of their work.

We commend these proposals, with which we are in full sympathy, for the consideration of Provincial Governments.

23. We would also draw attention to one of the suggestions which has been made in connexion with the organization of the Development Board, namely, that a provincial bureaux of statistics should be attached to that Board. We have indicated at several places in this report, directions in which improvements are called for in the collection and compilation of statistical information and in paragraph 11 of Chapter IV of Part I, we drew attention to the need for the establishment at provincial headquarters of provincial bureaux of statistics. It is obvious that the success of all schemes of planned development must be dependent on the availability of detailed and accurate information relating to the prevailing economic and social conditions and changes occurring therein. We, therefore, believe that a well organized bureau of statistics attached to a Development Board is an indispensable instrument of economic and social progress.

24. We now turn to the last and, in our opinion, one of the most important of all organizational problems, namely, the active association of representatives of the rural population with rural administration. As long ago as 1909, the Royal Commission on Decentralization pointed out that: "The scant success of the efforts hitherto made to introduce a system of rural self-government is largely due to the fact that we have not built from the bottom. The foundation of any edifice which shall associate the people with administration must be the village in which the people are known to one another and have interests which converge on well recognized objects. The Commission recommended that an attempt should be made to constitute and develop village *panchayats* for the administration of local affairs and visualized the system as capable of gradual enlargement to "make the village a starting point of public life." Little progress was made during the next decade. Since then, however, some progress has been achieved as a result of legislation passed in the provinces, such as the Bengal Village Self-Government Act, 1919, the Madras Village Panchayats Act 1920 (repealed and supplemented by the Madras Local Boards Act, 1930), the Bombay Village Panchayats Act, 1930 (repealed and supplemented by the Act of 1933), the Central Provinces Village Panchayat Act, 1920, the United Provinces Village Panchayat Act, 1920, the Bihar and Orissa Village Administration Act, the Assam Rural Self-Government Act, 1926, the North-West Frontier Province Village Council Act, 1935, and the Punjab Village Panchayat Act, 1935. We have not before us complete figures showing the area and population covered by village self-governing institutions in all the provinces, but the figures available to us indicate that, with the exception of Bengal and Madras, there are large areas in which *panchayats* have not yet been constituted.

The Bengal Administration Enquiry Committee examined the working of the *panchayats*, called Union Boards, in Bengal and came to the unanimous conclusion that "neither successive failures nor criticism should be permitted to deflect Government from its objective, the setting up in the villages of self-governing bodies. We need not recapitulate

the necessity for such bodies, or the benefits which may derive from them both locally and as schools for political and administrative training; but we must stress the importance of ensuring that the Union Board is properly and firmly established, for few things will contribute more to 'rural reconstruction and development' than a well-run public-spirited Union Board.

We are in full agreement with these views. We consider the establishment of *panchayats* as indispensable for the development of rural areas, and recommend that Provincial Governments should make every endeavour to establish these bodies wherever they do not now exist and to ensure that they function effectively.

25. In order to improve the administrative efficiency of Union Boards, the Bengal Administration Enquiry Committee recommended that a full-time clerk should be appointed for each Union Board. The Committee observed—

Although we are satisfied that a union of ten thousand inhabitants will have no difficulty in producing nine men of the right type, we agree that honorary workers, most of whom must be busy in the management of their private affairs, will need clerical assistance of a type superior to that which the average Union Board now enjoys. We therefore, propose that each Union Board should be provided with a clerk who will be paid by the Government; who will be appointed and dismissable by the Sub-divisional Officer, and who will be a resident within the Union. This clerk will not be part of any service; he will not be transferable; he will be a servant of the Union Board, and he will normally be a member of the majority community within the Union. We believe that a full-time, well-paid clerk of this type will ensure a great improvement in Union Board management, and will enable the Boards to discharge their functions with greater efficiency.

With reference to conditions prevailing in the ryotwari areas it has been suggested that a modification of this proposal would serve the purpose in view economically and efficiently. In such areas there is usually a salaried village establishment which includes a village officer who collects the Government revenue and is held accountable for public money in his charge. There is also an accountant who keeps records and accounts and is in possession of much valuable information which would be of use to the *panchayat*. It has been suggested that the constitution of the *panchayats* should provide for the appointment of such officers as *ex-officio* members; that they should be entrusted with the duties of treasurer and secretary respectively; and that the remuneration to them by Government might, if necessary, be revised with reference to the additional duties imposed upon them. We have, however, not had an opportunity to examine this suggestion in detail. We commend the proposal made in respect of Bengal by the Bengal Administration Enquiry Committee, as well as the above suggestion for consideration by Provincial Governments.

The Bengal Committee also came to the conclusion that Union Boards had hitherto failed to realize the hopes entertained of them largely because they lacked guidance and supervision, and with a view to remedying this defect recommended an increase in the number of

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Circle Officers in the province. We draw attention to the need for reviewing the arrangements in force in other provinces in this matter.

26. We consider that *panchayats* should be encouraged to take an active part in the framing of schemes of development relating to their areas and in the carrying out of such schemes. Indeed, we consider it essential that they should do so, for the successful execution of many schemes of rural reconstruction and development depends largely on the co-operation of the people; that co-operation should be sought and obtained through the people's local representatives, that is, through the *panchayats*. To this end we recommend that in every taluka, tahsil or other comparable territorial unit of administration a Rural Development Advisory Council should be established. We suggest that this Council should be composed of first, the Presidents of the *panchayats* of the area, and secondly, the senior officers of the Development Departments working in the area. Where private organizations of the type described in the preceding section of this chapter are functioning effectively, it will be desirable to provide representation for them also on such Advisory Councils. We would contemplate that schemes of economic and social development proposed to be undertaken in an area would be placed before the Council and its advice obtained thereon. Periodical reports reviewing the progress made in the execution of such schemes, whether by Government agencies or by the *panchayats*, might also be considered by the Council. Again, meetings of the Council would afford opportunities for discussing difficulties encountered in the execution of development schemes and deciding, in the light of joint experience, the manner in which they should be overcome. Finally, the Council meetings would enable officers of the Development Departments to enlist public support for their activities and would provide a forum in which the *panchayats* and Government officials could discuss local problems. As we have said, we consider it essential that the co-operation and assistance of the local people should be obtained for schemes of rural reconstruction and development and we believe that Advisory Councils of the nature we have proposed, meeting at regular intervals, would be a valuable method of eliciting that co-operation and assistance.

SUMMARY OF CONCLUSIONS AND RECOMMENDATIONS

27. The conclusions and recommendations of this chapter may be summarized as follows :—

Multi-purpose co-operation

(i) The future development of agriculture in the case of small and medium farmers depends in considerable measure on the organization of these classes into multi-purpose village co-operative societies with unlimited liability, and the federation of such societies into multi-purpose co-operative unions with limited liability.

(ii) Each multi-purpose co-operative union should have an efficient manager. This is considered important for progress in the early stages will depend largely on the manager's initiative and his influence with the people.

(iii) The manager should, preferably, be an agricultural graduate trained in the Co-operative Department. The post should carry an

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adequate salary and incumbents should be eligible for promotion to posts in the Co-operative Department.

(iv) A union in the early years of its existence will probably not be able to meet the cost of a well-paid manager. A grant by Government towards this expenditure is considered fully justified.

(v) Importance is attached to constant guidance and supervision by officers of the Co-operative Department.

(vi) The organization of multi-purpose co-operative societies and unions on a large scale is a tremendous task. It is recommended that a beginning should be made by carrying out a survey of economic and social conditions in selected areas in each province and by preparing on the basis of such a survey a plan of the improvements to be carried out by the joint efforts of a multi-purpose co-operative organization and Government agency.

(vii) Large landholders (occupancy-right-holders) should be encouraged to organize themselves into agricultural associations with the object of increasing the standard of cultivation of their members, and promoting the interests of agricultural industry as a whole.

(viii) Farm workers should also be encouraged to organize themselves. A labourer enjoying a reasonable wage is likely to be a more efficient worker than one who is ill-paid, and it may be expected that an improvement in the living conditions of farm labourers would be accompanied by an increase in their efficiency and that this, in its turn, would result in increased production.

Rural administration and co-ordination

(ix) The following proposals for the purpose of securing co-ordination of policy and administration in the field of development are commended for the consideration of Provincial Governments :—

(a) The establishment of a Development Committee of the Cabinet.

(b) The establishment of a Development Board consisting of Secretaries to Government in the Development Departments, together with the Secretary of the Finance Department.

(c) The co-ordination of all district development activities under a single administrative head, the District Officer.

(x) The creation of provincial bureaux of statistics is recommended.

(xi) The establishment of *panchayats* is considered indispensable for the development of rural areas, and it is recommended that they be established wherever they do not now exist.

(xii) *Panchayats* should be encouraged to take an active part in the framing of schemes of development relating to their areas and in carrying out such schemes. To this end, it is recommended that there should be established in every *taluka* or other comparable unit of administration, a Rural Development Advisory Council, consisting of the Presidents of the *panchayats* and the senior officers of the Development Departments working in the area.

—The Famine Inquiry Commission, Final Report, Chapter III.

Recent Utterances

The Rayalaseema Special Co-operative Conference

PRESIDENTIAL ADDRESS

BY SRI RAO SAHIB P. KESAVA RAO, B.A., B.L.

I congratulate the organisers of the Conference for having chosen this most opportune time for holding this conference of representatives of co-operative institutions in the Rayalaseema. The Government of Madras have appointed a Committee to go into the question of the present state of the co-operative movement and to suggest remedial measures under the distinguished presidency of Sir N. Gopalaswamy Iyengar. The other members of the Committee are well known co-operators and I am sure therefore the recommendations of the committee will be given due weight by the Government.—(Thanks to the various institutions and individuals who sponsored the idea of the Committee and to the Registrar of Co-operative Societies who supported it). The Committee has been touring in our Rayalseema and to day they are in our midst. Our responsibility is indeed great as all of us are interested in the healthy development of the movement in the Rayalaseema realising fully the potentiality of the Movement in promoting the common economic interests of our tracts. Our Rayalaseema has problems which are peculiarly distinct from those of the other tracts in the presidency, where nature has been merciful and the general economic level is decidedly better. In this conference therefore we have to tackle these problems and reach conclusions calculated for the betterment of the poor agriculturists of the area.

The Present State of the Movement.

The co-operative movement was first started in our districts in 1904. Since then various types of societies have been started and are functioning. But still to-day the state of the Movement will show neither from the point of view of the members nor the transactions that we fully utilise the Movement for the economic benefit of the people. The basic principles of the Movement namely service and sacrifice for the common good of all the members that come under its fold were not sufficiently brought home to all the members concerned. The ideals of the Movement which aim at common brotherhood, mutual help and tolerance were lost sight of as time advanced. Co-operative institutions have come to be considered as one more agency for getting credit. Number of societies were started at the outset in the flush of enthusiasm for extending the benefits of the Movement to as many people as possible and this resulted in unhealthy expansion of the Movement. Lack of impetus as time advanced and want of incessant propaganda have also been the contributory causes for the present state.

Number of credit societies came to be organised at the outset. The privileges of the members alone seem to have been stressed more than their responsibilities. To make available cheap credit to the agriculturists was considered to be the panacea for all the economic evils to which they were subjected. If at that time efforts had been made to increase the productive capacity of the agriculturists by improved methods of agriculture and by providing subsidiary occupations we would not have seen the present deplorable state of the Movement. Monies obtained by the Central Bank were utilised in lending to agriculturists for periods extending in some cases to ten years also. In some cases monies were lend out without regard to the repaying capacity of the individuals concerned placing too much reliance upon the property statements. Attempts were not made to verify whether the loan taken was utilised for the purpose for which it was taken. Money obtained from societies in some cases were utilised for wasteful expenditure and added to these the agriculturists was faced with recurring famines. The result is we find enormous overdues to the Central Bank. All possible methods of persuasion and later coercion in some cases having failed we have resorted to liquidation. In spite of the boom in prices we find a sum of Rs. 4,16,070 due from the liquidated societies alone in our districts. The liquidation proceedings are necessarily tardy and there is no knowing as to how much of this amount we will ultimately be able to collect. The war brought about a steep rise in the prices of agricultural commodities thus enabling some of the rural credit societies to repay their long standing debts which we had despaired of collection. But the borrowings by them has considerably fallen. On 30-6-44 only a sum of Rs. 20,39,960 was due from all these societies in all the five districts put together and to-day it is still very much less.

As is universally recognised the village credit society is the pivot upon which the co-operative edifice is built. Unless we take measures now at least to improve these societies and strengthen them the prospect of the Movement is gloomy indeed.

Efforts must be made to reduce the overdues. At present we hear that decent men with character in large numbers are not joining these societies owing to the liability of the members being unlimited. This raises the all important question whether the unlimited liability should continue. I am one of these who would strongly advocate the continuance of this liability, If we have to change the unlimited liability to limited liability we shall be ignoring the two basic principles of mutual knowledge and mutual trust which are so vital for the promotion of the corporate life of village society. These principles are designed to promote joint action both in the social and economic field. It is also designed to forget all differences based on creed or caste or wealth by working for a common cause. The introduction of limited liability involves indirectly the division of the community into different groups according to the wealth one possesses as the credit worthiness of

members is based not on character but on the amount of real wealth they possess. There are various other strong points in favour of the unlimited liability continuing but time and space prevent me from enumerating all of them. So to attract decent men with character into our rural credit societies we must first tackle the problem of overdues. Intensive examination of these loans and scaling down considerably these debts have to be undertaken. The Central Banks are to be more generous in scaling down these debts. In genuine cases when it is found that the debts have become bad the Central Banks should write off these amounts if they can afford to do so. Of course, I am aware that the Central Banks in this area with their slender resources may not afford to write off the entire amounts. In such cases the Government or the Madras Provincial Co-operative Bank should step in. Government can lend out to such societies at cheap interest spreading the repayments of these debts to long periods, say at least 20 years, and thus help them in the repaying of the longstanding overdues to the Central Banks. It would certainly be much easier for the Government to realise the amounts so advanced by them through the agency of the Revenue Department. But before the Government does so I shall certainly be very happy if the Apex Bank—the Madras Provincial Co-operative Bank—do so. The Provincial Co-operative Bank with its large resources can afford to do so. The next point that I would earnestly urge for your consideration for strengthening these villages credit societies and for making them more popular is that the lending rate to the ultimate borrower is considerably reduced. The co-operative movement's primary duty ought to be amelioration of the rural agriculturists. At present the borrower gets his credit ranging from $6\frac{1}{2}$ to 9 per cent. This indeed is very high. We are no better than the ordinary money-lender. We must consider all possible methods and see that the ultimate borrower gets his credit at not more than 6 per cent. This raises the question as to whether so many co-operative organisations, each of which have been responsible for the high rate of interest which the ultimate borrower has to pay, have to exist.

Development of industries through Co-operative Movement.

A definite plan to be carried out, say in five years or in ten years, should be drawn up for the development of large and small scale industries on co-operative basis. At present no proper attention has been paid to this aspect. There are various possibilities in our Rayalaseema districts for starting them. The Famine Code Revision Committee recommended the manufacture of textiles and of oil products as the most hopeful line of large scale industrial development. It also recommended starting of 3 or 4 spinning mills to supply yarn to handloom weavers. The Director of Industries and Commerce also reported that there were possibilities of starting 2 such mills. How I wish these recommendations had been accepted by the Government. If they had only done so thereby using the

co-operative agency the results would have been very beneficial to the people of these parts. The handloom weavers whose plight even to-day in spite of the best efforts made by the Co-operative Department and the financial help rendered to them by the Central Banks is still deplorable. So now at least it is better that we draw up a plan and request the Government to implement the recommendations of the Famine Committee and to utilise the co-operative agency for the said purpose. Cotton and groundnut which are necessary for these industries are grown in abundance in these districts. Cotton is grown in one million acres and 29 thousand tons of raw cotton is exported by rail annually from this area. Groundnut is cultivated in one million and 200 acres. Labour societies can be formed and they can be utilised for the industries mentioned above. Industries relating to paper, slate, carpet, slabs, barytes, fruits and fruit canning, bangles can be developed on co-operative lines through the help of the Government. In Rayalaseema districts sugarcane is also grown largely. Efforts may be made for starting one or two sugar factories. There are plenty of other possibilities of starting small scale industries also and we have to explore them and include them in the plan of expansion. At present the rural agriculturists are practically idle for about 6 months in the year. Small cottage industries may be started to help them. Without the help of the Government these industries cannot thrive.

Land Mortgage Banks.

At present the benefits of these banks have not reached these districts to any appreciable extent owing to large extent being dry area. There are hardly 10 primary land mortgage banks in the whole of Rayalaseema. If long-term credit facilities are to be extended to the ryots as they ought to owing to seasonal conditions the rules relating to the grant of loans have to be relaxed. The Co-operative Central Banks ought to be allowed to lend for short-term and medium-term only. At present the ratio fixed by the Registrar in regard to the lending of monies by the Central Banks has to be relaxed.

Loan and Sale Societies.

Efforts are to be made to start more such societies of course on sound and healthy lines. Marketing facilities are to be provided more liberally. Closely linked up with these loan and sale societies is the controlled credit system. I am sure if the credit had been controlled in the past even from the outset, as this system postulates, the present state of the co-operative movement could have been avoided. At least now a definite plan has to be drawn up to make the system work efficiently and successfully.

Consumers' movement.

The war has given a great impetus to the consumers' movement. But they ought not to share the same fate as those shared by the stores societies

after the last war. Efforts are to be made to strengthen them by creating large reserves to withstand post-war competition. I would recommend to every one of you to read that admirable address of Rao Saheb K. Subramanyam Naidu, Additional Joint-Registrar, at the Tuticorin Conference where he has dealt with all problems relating to these consumers' societies and has suggested what preventive measures we have to take. There are powerful elements against the growth and continuance of these consumers' societies in our Presidency, strenuous efforts have therefore, to be made to consolidate the existing stores societies seeing that they are discharging marvellous duties, probably unprecedented in the whole of India and have helped in bringing down prices and in the equitable distribution of essential commodities.

The Thungabhadra Project.

At long last, thanks to the efforts of the Government, long cherished ambition of our districts has fructified but still we find that some of the districts and most of the taluks in our Rayalaseema cannot avail of the benefits of the said project. There are various other projects in each of our districts which still remain unexecuted. I hope ere long the Government will examine these questions and start the execution of these projects. Labour contract societies can be organised and utilised in the execution of these projects.

Party Factions.

Party factions ought not to be allowed to play in the co-operative movement. Whenever the department finds that party factions have retarded the progress of the Movement it ought to use its powers under the Act without fear or favour. We, who are naturally interested in the healthy progress of the Movement having seen its past plight, ought not to complain if they use their statutory powers. In the planning which I have suggested above we must see that proper men are selected, no matter even by nomination to work the schemes in initial stages. After all I have felt ever since my entering into the Movement that both official and non-official agencies are parts of the same wheel and unless we both pull together there is no prospect of the Movement working on sound lines.

Propaganda.

I have already stressed the need for intensive propaganda. Besides the suggestions I have made we have to consider whether the Central Banks and the Wholesale Stores cannot jointly start a separate agency for the said purpose.

Town Banks.

At present the position of the town banks has been very satisfactory. But at present they are not permitted to lend monies on the security of commodities. As they are the main financing agencies in the urban areas there will be no harm in permitting them to do so. They may be permitted to lend on the pledge of gold and silver also.

Colonisation and Labour Contract Societies.

Colonisation schemes on co-operative lines for landless labourers have to be undertaken. In my own district a colonisation society has been recently started at Ahobilam. The working of the society is being keenly watched by us.

At present there is the Madras Provincial Co-operative Bank which attracts its fixed deposits at 2 per cent. The Provincial Co-operative Bank lends out to Central Banks at $3\frac{1}{2}$ per cent. The Central Bank which has to maintain a large staff is having at least 2 per cent margin. Then we have the supervising unions and then the village society. We have to consider whether there should be so many intermediary organisations which have only been responsible, as I have already said, for the high rate of interest at which the agriculturist for whom and for whose benefit the Movement solely exists, gets his credit.

In my opinion there should be a Central Bank. In fact the Vijayaraghavachari Committee on Co-operation considered the question of abolishing this institution and starting the branches of Provincial Bank. They ultimately came to the conclusion that they ought to be retained. A Central Bank is absolutely necessary both for the purpose of supervision and expansion of the Movement. The idea of the Provincial Bank opening its branches in the place of Central Banks would not be conducive to the healthy growth of the co-operative movement. The Madras Provincial Co-operative Bank, which is at present practically a federation of all Central Banks, would by opening its branches be no more than another joint-stock bank. This idea therefore, of opening branches of Provincial Bank would considerably affect the structure of the whole movement. We have therefore, to consider what other intermediate agencies have to be abolished.—fore, to consider whether the supervising unions should be abolished is a matter for earnest consideration. To achieve the object of making cheap credit available to the agriculturist the Madras Provincial Co-operative Bank ought to lend out to Central Banks in these areas at a cheaper rate of interest. After all the requirements by way of loans from the Madras Provincial Co-operative Bank for financing the agriculturists in all the five districts may not be more than Rs. 20,00,000 per annum as the Central Banks are able to attract local deposits. If the Provincial Bank does not choose to do so the Government must lend out to the agriculturists through the agency of the Central Banks at cheap rates of interest.

These village credit societies must be re-organised on healthy lines. Want of proper education in the co-operative ideals and in most cases illiteracy have resulted in the present state. As you are all aware in all our villages illiteracy predominates. I would suggest that 4 or 5 village credit societies should be grouped together and placed in charge of a Junior Inspector whose services must be lent free of cost by the Government for

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the first 5 years at least. This Inspector ought to guide these village societies in all their activities. Intensive propaganda and education ought to be undertaken by him. He must inculcate into them the ideas of thrift. To day unhappily we find, as I already stated, wasteful expenditure and added to it the drink evil exists.

By adopting these measures I am sure more men of character will be attracted from among whom the panchayatdars should be chosen. If proper men cannot be elected, for a period of 5 years nomination of certain number of the total number of panchayatdars may be resorted to. It may seem retrograde to think of nomination in a democratic movement, like ours. But we are dealing with finance and public money. To ensure the safety of the same we ought not to hesitate to resort to nomination. As an alternative a set of persons who in the opinion of the Central Banks concerned would be best fitted to be panchayatdars may be chosen, and the societies concerned be given the option of electing the required members from the said list of members so chosen.

The Movement must be considerably expanded. Our endeavour should be to start one society for each village. A well-defined plan for expansion must be chalked out and bearing in mind our experiences in the past, fresh societies should be organised. As the proposals I have suggested require intensive work there must be a Co-operative Sub-Registrar as Executive Officer for the intensive supervision and his services should be lent free of cost for at least 5 years, to the Central Banks. The rectification work likewise requires our earnest attention.

Liquidation of societies.

Liquidation ought to be resorted to as a last resort. All possible methods to collect overdues must be undertaken. As I have already stated large amounts are due from these liquidated societies. In future the Central Banks should be empowered to proceed against individual borrowers of societies. As matters stand at present the Central Banks cannot do so. If the Central Bank is given the power and the latter by vigilance takes proper action at the proper time the danger of liquidation in many cases in future may be avoided. We see to day that the panchayatdars, presidents and secretaries themselves in some cases, are defaulters. They will necessarily see that their loans are not sent up for arbitration. If even an award is passed with difficulty fresh troubles are created at the time of execution. Under rules at present existing it is the president or the secretary that has to sign the applications for award or the execution application. They therefore adopt obstructive tactics. It is, therefore, necessary that Central Banks should be empowered to proceed individually against defaulters. Again as the rules now stand the liquidation order will come into force only two months after the date of the order. This gives scope to some unscrupulous society members to alienate their properties to escape the enforcement

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of unlimited liability. It should therefore be made a rule that the order of liquidation, comes into effect immediately it is passed. In the alternative there should be a rule enacted that all alienations made after the order of liquidation and before it comes into effect as void.

Election of Individual Directors to the Board of Management of the Central Banks.

The present policy seems to be that as far as possible the individuals are to be eliminated from the directorate of the Central Banks or their representation reduced. Another principle which is sought to be introduced is that the few individual directors who are to serve are to be elected by the whole general body consisting of society representatives and individuals. I am afraid that both the principles enunciated are not conducive for the healthy growth of the Movement in our Rayalaseema Districts. I can assert without fear of contradiction that the Directors elected from among individuals have devoted their time and energy in running the Central Banks. These individuals have been at the helm of affairs of the Central Banks. They themselves have contributed large deposits and likewise have attracted other deposits. They have acted as a necessary and healthy check. Considered from all points of view their presence is decidedly advantageous to the Movement. Their election should continue to be from the individual share holders. They ought not to be allowed to depend upon the tender mercies of the society representatives, who are all borrowers of the Bank. It seems to be anomalous also as the representatives from the societies are elected from a body of about 30 societies, while the Directors from the individuals should be elected from a body of about 300 societies.

Provincialisation of services.

At present the sub-ordinates of the Central Banks have very little chances of promotion. It cannot be gainsaid that the welfare of the Movement depends upon a contented staff. The question therefore arises as to whether these services cannot be provincialised. In the alternative it must be insisted that at least 5 per cent of the recruitment to Government service should be reserved for non-official employees.

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Edited by Sri R. Suryanarayana Rao, B.A., and published by Sri V. Viyyanna, B.A., B.L., at M. P. C. Bank Buildings, Esplanade, Madras. Printed by Sri R. Krishnamachari, B.A., at the Central Co-operative Printing Works, Ltd., 1/17, Mount Road, Madras. Q. H. MS. 220-1,400-39-12-45.