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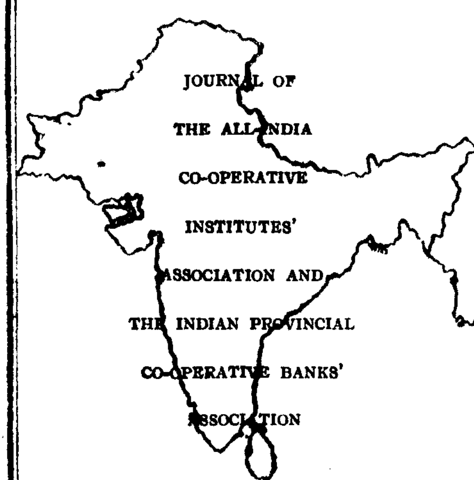
The INDIAN CO-OPERATIVE REVIEW



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THE INDIAN CO-OPERATIVE REVIEW

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EDITORIAL NOTES

AN ADVENTURE IN PLANNING

This is the sub-title of an attractive and profusely illustrated book [1] on the "Tennessee Valley Authority" by the well-known British scientific writer, Prof. Julian Huxley, which in the short space of less than a hundred and fifty pages gives a clear picture of the large scale planning undertaken by the Government of the United States of America on the initiative and under the directions of the late President Franklin D. Roosevelt. The part that this great adventure played in the New Deal is referred to in his brief Foreword by the Hon'ble J. G. Winant, the U. S. A. Ambassador in Great Britain. The success that has attended this adventure in economic planning has attracted to it the attention of administrators, scientific workers and economists all over the world. The applicability of the principles of the T. V. A. organization to Indian conditions forms one of the subjects for discussion at the forthcoming session of the Indian Society of Agricultural Economics. At the last session of the Bombay Provincial Rural Development Board, not only was a film on the subject exhibited to a gathering of the members but the subject was formally placed on the agenda.

It is not proposed in this article to go into the details of the origin of the project, its organization, the comprehensiveness of the programme that was adopted, the structure of the controlling authority, the measures taken to secure co-ordination. All that is related in vivid language by Prof. Huxley. The organization consists of five main divisions—water control in the river channel, water control on the land, power, management service council, regional planning council. Starting with the construction of dams across the river Tennessee and a couple of its tributaries, the project covers all activities that can help in promoting the social and economic welfare of the people in the tract forming the river valleys and their neighbourhood. A bare enumeration of the subjects handled is enough to give an idea of the range of the planning attempted: navigation, flood control, power production, forestry, chemical engineering, anti-erosion measures, improved agriculture, pure and applied research, recreation, fisheries, town planning, publicity, malaria control, constructional work of all kinds, wild life conservation, housing, survey, the encouragement of co-operatives and rural industries, the building of roads, the running of fleets of boats,

[1] T. V. A. By Julian Huxley (The Architectural Press).

planes and trucks, of hospitals, of police and fire departments, personnel training, electricity distribution, and education.

Interspersed throughout the volume there are references to the place that co-operation, in the technical sense, occupies in the programme. For the efficient and cheap distribution of electric power, electric co-operatives have been organized in rural areas and these are reported to have proved highly successful from the business point of view. Co-operative societies have also been formed to assist in the processing of local agricultural commodities and in the canning and preservation of fruits. Agricultural demonstrations are held on lines which correspond to the demonstrations arranged in the earlier years by taluka development associations in India. An element of co-operation has been introduced in the management of some of the industrial concerns established in the area. Co-operative stores are a common feature of life in the tract. The most interesting development is, however, the acceptance of the principle of co-operation in the field of scientific research—particularly agricultural—that is carried on in the region.

T. V. A. represents truly an adventure in planning because of its essentially democratic character. According to Prof. Huxley, it is not merely planning for the people, but it is also planning with the people. "There is" he observes, "no compulsion and everything is done by persuasion. What is more, the persuasion is not mere exhortation, but involves the active participation of the farmers." In a democracy, Prof. Huxley very aptly remarks, "compulsory powers should never constitute more than the skeleton of planning; the living plan must evolve and grow and can only do so on the basis of co-operative participation." He insists on the planning authority's seeking the co-operation of the people at large and making them feel that it is their plan and that they have a real share in bringing it to fruition. Popular interest, popular backing, popular participation are what is needed; and this, he avers, T. V. A. has succeeded to a large extent in harnessing for its efforts. Not only has there been a definite endeavour to diffuse a correct understanding of the plan as adopted, but an effort has been made to enlist public interest in the framing of the plan itself. Decentralized administration has been secured in the sense that:

1. It is one in which the greatest number of decisions are made on the spot.
2. It must develop as far as possible the active participation of the people themselves.
3. It must co-ordinate the work of all other agencies concerned and the co-ordination must be in the field.

But while there is decentralization in administration it is a feature of T.V.A. that co-ordination is established by the adoption of "new techniques of over-all and interrelated planning."

T. V. A. has demonstrated, Prof. Huxley asserts that there is no antithesis between democracy and planning. It has shown that planning cannot only be reconciled with individual freedom and opportunity, but it can be used to enlarge both. It is not merely the all-round prosperity of the Valley that has been the concern of the Authority. Equal keenness has been displayed in promoting the individual well-being of the bulk of the inhabitants. The general hopefulness and contentment which prevail, Prof. Huxley notes, are definitely greater than in other backward areas of the south or south-west. T.V.A. has invented new social tools; it has enlisted in its service the educational system to induce a sense of participation in the plan on the part of the population at large. Planning under authoritarian regimes is different. What often tempts the planner there is the lure of power. It is his plan and he wishes to impose it and the resultant happiness on his subjects. But, Prof. Huxley pertinently points out, he forgets two things: that happiness cannot be imposed and that power, even when as intellectual and beneficent as his, corrupts. This dangerous path has, apparently, been avoided by T. V. A. The experimental nature of T. V. A. has been recognized so that it can improve its methods and evolve new principles in the light of criticism. Freedom of criticism within a democracy is often felt to be a source of embarrassment to the ambitious planner; but, as Prof. Huxley rightly emphasises, in the long run it makes for a more solid achievement.

U. P. CO-OPERATIVE DEVELOPMENT AND MARKETING FEDERATION

The second annual report of the U. P. Co-operative Development and Marketing Federation for the year 1943-44 discloses another year of successful working. The Federation at the end of the first year of its working had five branches. During the year under review eight new branches were opened, while four were closed down, leaving at the close of 1943-44 only nine branches in operation at different places in the province. The main business of the Federation remained distribution of essential commodities, though marketing activities also were undertaken at Mirzapur, where the Agriculture Department appointed the Federation as its agent for the purchase of paddy seed, and at Ganjdundwara where the chief purchasing agency for all food grains for the Ganjdundwara market was given to it. The value of paddy supplied to the Agriculture Department during the year was about Rs. 2.31 lakhs while the value of grain supplied at Ganjdundwara was about Rs. 5 lakhs. It is claimed that "never before had any co-operative organisation taken up marketing on such a large scale as the Federation has undertaken through these branches." The total turnover of the Federation in the year under review was Rs. 72 lakhs, as compared with Rs. 29.72 lakhs in the previous year; the range of commodities distributed being sugar of the value of Rs. 29.88 lakhs, food stuffs Rs. 12.44 lakhs, standard cloth Rs. 11.82 lakhs, salt Rs. 1.17 lakhs and kerosene oil Rs. 0.92 lakhs. Besides, business in wholesale of standard cloth and firewood and charcoal was undertaken. A net profit of about Rs. 0.9 lakhs was earned and a dividend of 6 per cent was declared for the shareholders; but the total amount of dividend paid was only Rs. 231. A sum of Rs. 75,000 was carried over to the reserve fund. The position is quite encouraging and commendable.

The membership of the Federation is confined to (*a*) co-operative marketing and development unions and district and regional federations thereof, (*b*) co-operative consumers' stores, (*c*) co-operative societies of salary earners and wage-earners, (*d*) central co-operative banks and banking unions and (*e*) other co-operative unions whose principal object is co-operative marketing. The share-capital, which was only Rs. 13,000 at the close of the year 1943-44, rose to Rs. 20,700 by 30th April 1945, which is encouraging though still inadequate. The share-capital and reserve fund which amounted to Rs. 1.14 lakhs constitute only 17 per cent of the working capital, which was Rs. 6.73 lakhs. In view of the large volume of business turnover and the poor percentage of owned capital to working capital, it is imperative that efforts should be made to bring round all the eligible co-operative organisations in the province to become members of the Federation and make it more strong and popular, so as to enable the institution to withstand the shock of the withdrawal of the present official support after the emergency conditions cease to exist and regular trade channels are opened up for the distribution of essential commodities.

A Deputy Registrar of Co-operative Societies has been placed in charge of administration of the Federation and it is stated in the report that "this active association of the Co-operative Department in the management of the Federation is essential for many reasons. The district officers, to whose patronage the success of the Federation is entirely due, might have looked upon with suspicion any organisation which had no official backing during these days of emergency." While we commend the activities of the Federation and its efficient administration by the departmental officers, we cannot but feel that this is a poor testimony to non-official co-operative spirit and enterprise. If non-officials cannot be trusted and encouraged to conduct co-operative business organisations, we wonder what salvation there is for the co-operative movement and what the future of this Federation will be like when marketing activities alone will have to be conducted and distribution left to the consumers' stores, since non-official enterprise had no effective hand either in shaping or running the Federation.

We are also constrained to note that the working of the Federation is a long way off the main object with which it was started, namely to co-ordinate the activities of the marketing unions and the consumers' stores in the province, in view of the salient fact that out of the 180 marketing unions in the province "the number of unions sending the information" relating to periodical prices and stock of commodities as required by the Federation

"is hardly a dozen, and not more than 25 per cent of the unions have responded to the request of the Federation to send statistics." In our view, correct and adequate knowledge regarding the ruling prices and quantities of commodities available is the foremost if not the sole requisites for conducting successful marketing operations. And the Federation is handicapped for want of this vital information. We trust that immediate steps will be taken for the regular flow of market intelligence and that the Federation will soon justify its position as the apex co-operative organisation for the marketing of agricultural produce by co-ordinating and controlling, to the extent necessary, the activities of all the marketing unions and consumers' stores in the province.

POST-WAR AGRICULTURE

The present condition of the Indian peasantry is undoubtedly pitiable; the majority do not have even one square meal a day and they live half-clad, in unhealthy surroundings, steeped in illiteracy and groaning under degrading and grinding poverty, looking vainly for the day of deliverance. India is a vast country, mainly a land of villages, with agriculture as the preponderating occupation and it is a matter for great pity, as well as grave concern, that the Indian peasant who ought to be the "back-bone of the country" is a pygmy physically and mentally. The minimum needs of a human being *viz.*, wholesome food, sufficient clothing, proper shelter, good health and at least primary education, are denied to the vast majority in the country. This is because there is not adequate return at present from agriculture as a calling and enough food is not produced to feed the millions. The problem of food claims the first priority and should be tackled immediately. If all the people in the world are to be fed on wholesome and nourishing food, the present production of foodstuffs in the world is estimated to be short by 35 per cent. In India if foodstuffs were distributed so as to make a balanced diet, it is estimated that five crores would be without any food. The present war conditions, the famine in Bengal and the stoppage of imports of foodstuffs from Burma and Malaya have vividly brought to the forefront the need for self-sufficiency in food production and the urgent demand for planning to step up India's food production. For achieving this objective there should be a radical change in the present system of agriculture. It should be re-organized if it should become a surplus economy.

Numerous plans have been prepared and discussed to increase the national wealth, the standard of living and the purchasing power of the average Indian. Whatever may be the merits of the various plans, *the plan* that will be suitable for India, that will not only meet the urgent demand of the country but make her erelong prosperous, is *the one* which would tackle agricultural development as the foremost problem. It is noticed that in most of the plans industrial development is given greater prominence than the development of agriculture. In a predominantly agricultural country like India where 80 per cent of the population live in villages, under-fed and ill-clad, it is imperative to pay greater attention to the development of agriculture, and the production of more food than is being done. If industrial development is the main aim and other interests are subordinated and if the State does not own and run the industries, it is bound to make the rich richer and the poor poorer with little chance of an improvement in real national wealth. Industries aiming at high mechanical and technical efficiency cannot solve the pressing problem of unemployment of the large mass people living in villages sorely in need of remunerative occupation. Again, large scale production of consumers' goods will require foreign markets for their sale in order to have a favourable balance of trade, which was a principal cause of the late war and will surely provoke a war in future. When every country is aiming at increased industrial activity in the sphere of production of consumers' goods, it is problematical if India can compete successfully with other nations, who are ahead in the field and have reached a higher stage of efficiency, if not and perfection. Industrial development is, no doubt, necessary but only to such an extent as to meet the needs of internal markets. It cannot, therefore, be over emphasised that if public funds are to be spent on development schemes, agricultural development should have priority.

The following are among the various fundamental reforms that are needed to increase agricultural production stated in order of importance: (1) enlarging and consolidating the existing uneconomic holdings, (2) increasing the yield per acre under cultivation by the use of better implements, fertilisers and improved varieties of seed, (3) improving irrigational facilities, (4) reclamation of cultivable wastes with a view to extension of area under cultivation, and (5) introducing co-operative farming. In addition to these reforms beneficial conditions must be created for speedy marketing of agricultural produce at cheaper cost. They are the large scale development of road and rail transport by the State, the starting of a network of co-operative societies for marketing produce and the construction of public warehouses on co-operative basis at various important marketing centres.

It will be certainly necessary even in the post-war period to maintain a certain price level of agricultural produce to enable the producer to secure a fair return, whether this result be achieved by the State fixing the prices or by the imposition of Protective tariffs on imports of particular agricultural commodities.

Each plan has its own methods of working out its solution. However, the best method the peasant can adopt by himself voluntarily and for his own well-being is the co-operative method. We should not overlook the fact that he himself must, in a large measure and in combination with his fellowmen, work out his salvation. His initiative and enterprise should be the primary factor and whatever assistance is given by the State or other outside agency must only tend to increase the results of his labour.

Co-operative method strengthens the moral back-bone of the agriculturist and helps him to organise on the basis of self-help and mutual-aid. Profit is eliminated and cheaper service is afforded to the community as a whole. It is possible through co-operation alone to promote economic efficiency and provide social security, so far as agriculturists and other persons of small means are concerned. The objectives of "better business, better farming and better living" can be best achieved only by co-operation.

ENQUIRY INTO RURAL INDEBTEDNESS IN MADRAS

The Government of Madras have appointed Rao Saheb (now Rao Bahadur) Dr. B. V. Narayanaswamy Naidu, M.A., PH.D., B. COM., Bar-at-law, to enquire into the extent of indebtedness among agriculturists in the Madras Presidency, the effect of war-time rise in prices of agricultural products in the liquidation of rural debts among other things. It is a decade since an enquiry was made into the indebtedness of the agriculturists in the Presidency by Mr. W. R. S. Satthianathan, I. C. S., Special Officer to the Government in 1935. Apart from the utility of the collection of statistics at regular intervals relating to rural indebtedness to find out the progress of prosperity or otherwise of the agriculturist classes, the enquiry that is now undertaken has a special, if not a direct, bearing on the shaping of the post-war economic development policy of the Government. Such is the importance of the present enquiry, and we have no doubt that with the application of the depth of knowledge and width of experience of no less a person than Dr. Narayanaswamy Naidu at the task, the report, when published, will prove certainly of great value. Elsewhere in this issue we publish the three questionnaires issued by Dr. Narayanaswamy Naidu; the terms of reference are so comprehensive that there can be scarcely any bit of information vital in the enquiry that will be left out unelicited. It is also a matter of satisfaction to find that the questionnaires cover the subject of co-operation fairly well and we hope the information that will be collated will both be useful and interesting.

However, we wish to draw the attention of our readers to one serious omission in the questionnaires before we close this. For the past two or three years there has been much ado about the "grow more food campaign" and the activities of the Department of Agriculture in the Presidency. Some claims appear to have been made that there has been a perceptible rise in the yield per acre as a result of the efforts made under the grow more food campaign. If there is any, exact information on the extent of such increased yield and the consequent increase in income of the agriculturist will be pertinent to an enquiry of the nature now in progress. But we are sorry to find no reference to this aspect of the prosperity or otherwise of the agriculturist in any of the questionnaires. Collection of data on this aspect also, we urge, will be worth-while.

CONSUMERS' STORES IN MADRAS

Problems of Consolidation

By

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I

It is said that the war is a blessing in disguise; no body doubts that it proved mostly so for the stores societies in India in general and Madras in particular. But this unprecedented development has brought in its wake a number of problems which must be carefully studied and properly solved if these societies are to survive the war and shower the same benefits as they are doing now. Critics were never slow in pointing out the dangers of hasty development especially in the light of the experience after the last war. But the Department continued its policy of 'cautious registration' with the result that we are having now nearly 1,300 societies where there were only 85 five years back. No wonder, the eyes of the co-operators in Madras are on the stores today and the survival or otherwise of these "war babies" marks or mars the expansion of the movement for at least a decade.

The co-operative movement in India is an agricultural movement and that dominated by the credit societies. Even amongst the urban societies credit stands first in the list. This extreme one-sidedness and lack of balance in development has come in for much bitter criticism and during the last decade great effort was made to develop the non-credit side of the movement with varying degrees of success in the different provinces but with no striking result in any province. The extraordinary and striking progress of the consumers' stores was, therefore, hailed as a welcome sign for the balanced development of the movement. It is also recognised that the new stores "are often the result of hurried activity and fleeting enthusiasm and are not likely to last even as long as the war lasts......". Needless to say, the balanced development of the movement and the capacity of the co-operators—official and non-official—will be judged by the survival and progress of these stores in the post-war period.

It is well-known that the success of the stores movement in any country depends upon strict adherence to the famous Rochdale principles. Besides, a store succeeds best among a group of men having some measure of homogeneity and the realisation that the store is a great political education and industrial experiment exerts a great influence on its growth. Therefore the movement can succeed in our country only when it comes "under the influence of either the working classes or under the inspiration of an industrial ideal" but neither of these is found in India. So the movement as it stands today lacks the broad conception of aims and the backing of a sound philosophy of production and consumption. The new

stores "have not a glimmer of the ideals of co-operation and adopted practices at variance with true co-operative principles". Again "they are looked upon even by many co-operators as nothing more than mere shops providing their requirements nearer their homes". The future working of these stores will be watched with interest by co-operators all over the world as it is bound to have its reactions on International co-operative thought.

II

Stores societies were amongst the first to be started in this Presidency. In fact, the T. U. C. S. was organised even before the Co-operative Societies Act of 1904 came into force. Since the Act came into force, stores societies were started in almost all important towns in the Presidency. But many of them were short lived. The reasons for the infantile mortality were given in the various Administration Reports. Even as far back as 1909, it was recognised that the stores became the pastime of a few in case the two chief articles of consumption--food and fuel—are secured otherwise and if the stores cannot attract the artisan and labour classes. And again, "it was found impossible to find men to run a store on correct, in fact, on any lines. All the members belonged to the middle classes who resented purchasing for cash and whose servants preferred to make purchases from petty retail merchants". The margin between the wholesale and retail prices was very low in the urban areas and so no need was felt for the organisation of these stores. All credit to the few that succeeded in the face of such adversities. There were, thus, 85 stores with sales of Rs. 28 lakhs in the Madras Presidency on the eve of the war.

On the outbreak of the war—the experience of the previous war also was in the same direction—it was realised that the supply of consumers' goods would fall off due to restrictions on imports and so the prices for such commodities went up. With the occupation of Burma by the Japanese, there arose an acute shortage of food-stuffs and the private merchants were not slow to take advantage of the situation. Gradually goods—food-stuffs and other consumers' goods—disappeared from the open market and were sold in the black market at unduly high prices. There was need for an agency which could supply essential commodities at fair and controlled prices in the open markets and the co-operative store suggested itself as the best agency for the occasion. Thus we find an enormous increase in the number of stores "partly as a reaction against the system of retail trade and partly as a result of peoples' faith in the system of co-operative distribution". The by-laws restricting sales to members were amended enabling a store started by the minimum number of members to secure large business and this gave impetus to the organisation of a store by a small group of people, in many cases of enthusiasts. For some time the Department also was lenient complying with every request for registration, often without careful examination of the future prospects, but the "need for caution in the development of these stores, in order to avert the obvious danger of hasty organisation", was recognised. During 1943-44 out of 800 applications for stores only 250 were complied with and this policy of cautious registration is being followed. The number of stores on 30th June 1944 was 1,911 and on 1st January 1945, 1,262.

Another line of development of the movement is the organisation of the District Wholesales to co-ordinate the activities of the primary societies. There were on 30th June 1944, 21 wholesales covering the whole Presidency with a membership of 6,538, paid-up share capital of Rs. 49 lakhs, and sales amounting to Rs. 518.83 lakhs. As will be seen just now, these wholesales, have served a useful purpose but it is difficult to forecast their future.

It is acknowledged by all that the stores societies proved extremely successful in bringing down the level of prices of essential commodities and there are numerous instances wherein the low prices at the co-operative stores brought down the prices of other retailers also.

The part played by these societies in the distribution of foodstuffs is praiseworthy. The wholesale stores of Anantapur, Bellary, Kurnool, Cuddapah, Chittoor, Chingleput, Madura-Ramnad have been given the sole right to import paddy and rice into the district and distribute it to the primary societies and licensed private dealers. The wholesale stores of Salem, Tuticorin and Coimbatore are allotted a major portion of the quota for the district. These wholesales maintained depots for purchase at suitable centres; or else, received supplies from other producers' societies, *e.g.* the Anantapur Wholesale purchased rice from the Krishna Agricultural Improvement Society, Gudivada; the Trichinopoly Wholesale purchases gingelly oilseeds from the Karur Crop Loan and Sale Society, red gram and dhal from Bengal Dhal Marketing Society, etc. The Chingleput, South Kanara and Chittoor Wholesales are given the sole right to procure grains grown in their districts, if necessary through commandeering by the Revenue authorities and for this purpose they maintained reception depots at suitable centres. As for the part played in the rationing schemes it must be said to the credit of these stores that nearly 25 per cent of the ration depots at which nearly 25 per cent of ration cards are registered are managed by co-operative stores and in many districts the wholesales are the sole distributors of grain for all the ration depots.

The stores came to the aid of the outside public on many occasions, relieving an otherwise acute shortage of food-stuffs and the consequent distress. The South Arcot Wholesale supplied Pondicherry with 52 tons of rice. The Kurnool Wholesale supplied the fair price shops in the famine area with 75 bags of rice. The Coimbatore Wholesale, similarly, supplied the central jail with 100 bags of cumbu. The Atmakur store served the pilgrims on the occasion of the Srisailam festival; the Sankaran Koil store at Adi Thapas and the Thiruvannamalai stores at Kartigai sold clean [illegible] to the pilgrims.

The Government also came to the aid of these stores by instructing District Collectors to allot liberal quotas of controlled articles to the stores even though they might not have previous experience in the line; by supplying additional finance either without interest or at low rates of interest as in the case of the T. U. C. S. and Ceded Districts Wholesale to work out emergency schemes of food grains storing—in which 18 wholesales and 68 primary stores in 36 towns participated, and by granting additional staff to supervise, audit and in many cases to run the stores.

The services rendered by the T. U. C. S. in the emergency period have won the appreciation of one and all.

III

The membership of the 198 stores on 30th June 1940 was 34,400. Excluding the figure for the T.U.C.S. this gives an average of 145 for a store. Similarly, the membership of 1,191 stores on 30th June 1944 was 3,43,000. Excluding the figures for the T. U. C. S., industrial labourers stores and departmental stores we get an average of 231 for the 1,064 stores. Prima facie, it may appear that the stores strengthened their membership and are in a position to survive the war. But the increase in the average membership is due to the increase of membership in some well established stores already running and to the large membership in big towns where new stores are started. But the membership of stores in rural and semi-urban areas will be less than the average shown above. An examination of the Registrar's Report for the year 1937-38 shows that out of the 73 stores some worked at a net profit of Rs. 54,958 and others worked at a loss of Rs. 10,951. Eight societies worked at a net profit of Rs. 40,000 and 8 more are named for their appreciable work. It cannot be doubted that these 16 stores were responsible for most of the net profit and that the remaining 56 stores worked either at a small profit or at a loss. If we take 145* as the average membership, it must be insufficient to work an average store. But the following points must be borne in mind while fixing the average membership necessary for an average store, in the post-war period. Firstly, in the urban areas there will be a fall in the total quantitative purchases due to unemployment, fall in income, etc. Secondly, the loyalty of the members in the urban areas is bound to increase with the necessary propaganda. Thirdly, in the rural areas the stores may strengthen their position by purchasing at wholesale prices manures, implements, etc. Again it is stated that the sales to non-members was 60 per cent of total sales on 30th June 1944. Taking all these into consideration, the average membership necessary for the success of a rural store works out to 250 to 300 as against the 145 now and an urban or semi-urban store about 700 to 750 as against 390 on 30th June 1944, assuming complete loyalty of members.

Now the question arises, whether the membership can be increased. This provokes a counter-question has any store sincerely attempted and failed

* The figure relating to membership for 1937-38 is not available.

to enlist additional members? We do not think that any person who appreciates their wartime services refuses to become a member, if properly approached but the necessary propaganda is notoriously lacking. To carry on its emergency services, the T. U. C. S. opened 30 new depots and its monthly sales increased from Rs. 1 lakh to Rs. 4 lakhs but its membership increased from 6,700 to 8,500 during the same period. Only one feels that it may be difficult but not impossible to secure a proportionate increase in membership also, especially when such emergency services were rendered. Similar complaint can be laid at the door of the stores in all the important towns. The aim of the larger stores should be to increase their membership as far as possible, so that they may embark on processing and, to some extent, manufacturing activities in the post-war period thus contributing to the healthy growth of the movement. They are voluntarily stunting their growth if they fail to derive the maximum benefit from this opportunity presented to them.

IV

The paid-up share capital of the 198 stores on 30th June 1940 was Rs. 3.20 lakhs or about Rs. 1,600 per store on the average. Again on 30th June 1944 the average share capital of the 713 rural stores was about Rs. 2,370 as against Rs. 860 on 30th June 1939. On 30th June 1944 the average share capital of the 1,191 stores was about Rs. 3,680 and that for the 478 urban stores was about Rs. 5,580. Now the question to be considered is whether this capital is sufficient for the post-war working of the stores. On 30th June 1940 the borrowings outstanding from all sources was Rs. 5.03 lakhs or about Rs. 2,500 per store but this increased to Rs. 3,050 per rural store and Rs. 7,225 per urban store by 30th June 1944. On 30th June 1939 the 21 rural stores borrowed about Rs. 23,000 from co-operative banks while that outstanding on the last day of the year was Rs. 200. Similarly, Rs. 18,000 was borrowed from outside agencies of which Rs. 7,000 was outstanding at the close of the year. Assuming the same to be the case with the urban stores, we see that the co-operative banks finance the stores to a very little extent in normal times. The central banks believe that it is risky to lend to the stores and it will be more so in the post-war period of falling prices. Moreover, the central banks which may be expected to embark on a policy of expansion of credit and marketing societies cannot be expected to lend to these stores to supply them with necessary working capital. Even if the wholesales are in a position to help the primary stores their resources also being limited, they cannot wait till the goods are sold by the primary stores, for reimbursement. Moreover this is not desirable as it cannot be useful for the expansion of the movement on the productive and processing sides. It must be the aim of the stores to collect as much capital as possible when conditions are favourable and it is easy to collect share capital now, from the working classes also, as money is available with them.

The average working capital of the 478 urban stores on 30th June 1944 was about Rs. 13,820 as against sales of Rs. 1,32,500 and that of the rural stores was about Rs. 5,700 as against sales of Rs. 27,600. But the rate of turnover in the war years should not be taken as normal. There are cases where the stock was sold within hours of receipt. If we take the position in 1937-38 we find that the 73 stores had a working capital of Rs. 8.23 lakhs or about Rs. 11,300 on average against average sales of Rs. 29,600. Assuming that the present amount of sales is necessary for any store to run without loss in the post-war period and that the ratio of working capital to sales at 1937-38 level to be 1 : 3, we arrive that roughly a working capital of Rs. 44,000 in urban areas and Rs. 9,200 in rural areas is necessary. Further assuming that half of working capital is found by way of borrowings and reserve fund and the other half provided by share capital, we can lay down that a share capital, of Rs. 22,000 in urban and semi-urban areas and Rs. 4,600 in rural areas is absolutely necessary for any average store. The figure for rural areas may be reduced to Rs. 4,000 as we expect them to sell manures and implements in which there would be quick turnover. But for any store in the urban areas, Rs. 22,000 is absolutely necessary for the day to day business. This figure may appear too high and unnecessary but if one realises that a store will have about 700 to 800 members and 3 or 4 branches this figure is not as high as it appears at first sight. In case a store likes to take up any processing activity, a share capital of about Rs. 50,000 to 75,000 will be absolutely necessary, varying with the nature of the activity.

This gives an average of about 4 shares of Rs. 10 each per member in urban areas and 2 shares of the same value in the rural areas. This difference is due to the fact that the urban stores will have to stock a large variety of goods the turnover of which is bound to be slow. In these days of cheap and easy money it is not difficult to secure the necessary share capital if proper propaganda is made and collection schemes are launched at proper times particularly in the working class areas and rural areas. Similarly, share capital may be collected in instalments to suit the conveniences of members of any particular class. It is not necessary, nay, it is undesirable to have different types of shares with and without voting rights as they are opposed to co-operative principles.

Taking the position of the reserves, the 198 stores on 30th June 1940 had a reserve fund of Rs. 2.37 lakhs or about Rs. 1,200 per store with a share capital of Rs. 1,600 and the owned capital of the stores was 52.5 per cent of their working capital and the reserve fund formed about 22.33 per cent of total working capital. Even though many of the new stores are working at a net profit, they cannot be expected to accumulate decent reserve during 2 or 3 years. But they have increased the reserve fund as far as they could, from Rs. 2.37 lakhs to Rs. 6.93 lakhs. Indeed, it will be justifiable for the stores to carry all the net profit to reserve fund without declaring any dividend on purchases, because 60 per cent of the profit is derived from sales to non-members and even of the balance of 40 per cent a major portion must have been derived from sale of controlled goods. On

30th June 1944, the owned capital of the stores was about 48 per cent of total working capital but with gradual accumulation of the reserve fund and a serious and persistent drive of share capital collection we may expect that this position will improve very soon—before the central banks cease to finance the stores—and that a position will be reached where about 80 per cent of the total working capital will be owned capital, with share capital at 50 per cent to start with, gradually decreasing to 40 to 30 per cent in about a decade. This target of about 80 per cent of owned capital may appear too high at first sight, but it must be realised that for the 21 rural stores on 30th June 1939 out of a working capital of Rs. 57,000 only Rs. 7,200 or 12 per cent formed borrowings from outside. If we expect share capital to be about 50 per cent of working capital, reserve fund will have to supply 30 per cent or about Rs. 35 lakhs on the present working capital basis whereas the accumulated reserve fund on 30th June 1944 was about Rs. 7 lakhs and the balance can be easily accumulated in 4 or 5 years, if dividend on share capital is paid at 3 or 4 per cent and dividend on purchases is completely stopped.

V

One of the reasons cited for the failure of our stores in normal times is the low margin between the wholesale and retail prices in the market. It is likely that the margin will fall again in the post-war period. This time the margin may be narrower still because the capitalist wholesales will try to oust the co-operative wholesales and retail stores. It is easy to run a store when the demand for essential consumers' goods easily outruns their supply. But this will not be the case in the post-war period. Moreover 90 per cent of the goods sold by the primary stores is food grains and most of the remaining 10 per cent is other controlled goods, in the supply of which the stores are enjoying a privileged position. Can the control-fed babies survive and grow healthily in the days of cut-throat and determined opposition in the post-war period? The survival of these stores depends, therefore, on future marketing practices.

The bulk of the purchases must be from co-operative sources, whether from the wholesales or direct from producers' societies; because purchasing from capitalist middlemen will be just encouraging those whom we want to eliminate. Moreover, the attitude of the capitalist towards the stores cannot be expected to be friendly. The purchases of primary societies from wholesales increased from 19 per cent in 1942-43 to 32 per cent in 1943-44 and nearly 73 per cent of this figure is of controlled goods. As things stand at present, the wholesales purchase from the same source—of especially non-controlled goods—as the primary stores and so primary stores avoid the wholesale. In future, purchases especially of non-essential consumers' goods, must be made by a central agency for the Presidency as a whole, which must be able to purchase at prices lower than wholesale prices because the agency itself will be a wholesaler purchasing direct from the producer or the manufacturer only. This enables the central agency to sell at wholesale

prices—prices at which capitalist wholesales sell to retail shops—to the primary stores, so that, by selling at market prices they will have a margin for their cost of management. The central agency should also see as far as possible, that the goods reach the primary stores direct from the producer or manufacturer himself thus obviating the necessity for it to keep costly godowns in cities and also to avoid double payment of freight *viz.*, once from the producer to the central agency and next from the central agency to the primary store. This can best be achieved by the central agency receiving an estimate of the goods necessary from the primary stores once or twice a quarter and arranging with the producer to book the goods direct to the primary store on its behalf. This a capitalist manufacturer will do only when he is presented with loss of huge custom as the alternative and that can be done only by a central agency and not by various wholesales. From the point of view of the primary stores also, it is not difficult to send in estimates of goods that may be necessary for the next two months or so. This can best be done on the Imprest system to avoid overstocking of the primary stores. This may necessitate the maintenance of a small market research department with two or three experts, by the central agency itself. Without such an efficient, centralised purchase system, it is difficult to expect stores of tomorrow to run without loss by selling at Market prices.

It need not be mentioned that the goods dealt in by the stores must be of good quality; for it is the first benefit the member is expected to derive. The availability of a certain article at the store must in itself be a guarantee for its purity and even slight deviations from this practice must be publicly disowned and properly penalised.

In the pre-war period the T. U. C. S. was the only store that was in a position to embark on some productive activities. Some sort of productive and processing activities are essential for stimulating the growth of the bigger stores. Undertaking such activities as crushing oil from seeds, getting paddy milled at owned or hired mills, maintaining a flour mill, laundry services and supply of pure butter and ghee and in bigger cities house to house delivery of goods, if necessary, will be highly appreciated by the members, attract others to the stores, stimulate the growth of other stores, and, of course, are imperative for the healthy development of the movement towards its ultimate goal.

A great deal can also be achieved by the co-ordination of the activities of the producers' societies and consumers' stores. The stores can get their goods cheaper and still pay the producers better prices because the middleman is eliminated and his share of profit also will be divided between the producer and the consumer. It is not necessary that there should be interlocking directorates for such a co-ordination as is supposed by some for it may give rise to grave difficulties which may far outweigh the advantages that are expected from them. What is wanted is a wise direction from the central agency, which directs the goods from the producers' societies to the consumers' stores as per previous arrangements at the required time.

Turning to the side of sales, the first essential pre-requisite for any store is a decent building in a prominent business locality to house itself. It may be thought that as all the customers are members, it does not matter where the store is located. But for securing the loyalty of members, as well as to attract non-members and tempt them to become members an attractive building in a business locality is essential. As one enters the store, one must feel that this is something different from the retail shops he is visiting daily. There must be an attractive counter—not in rural areas—and everything must be kept so clean, well arranged in the proper manner that one cannot .but appreciate the store. This precaution requires all the more emphasis for one finds in the store of today things in a pall-mall spread over the floor and the whole appearance untidy and repulsive that one is not inclined to go to it but for the non-availability of the articles elsewhere. This is due mostly to the indifference of the salesman and sales-manager who are after all untrained and inexperienced and who, often than not, imagine that they are conferring a boon on the customer by selling those goods. Courtesy which is the watchword of the stores in the west is conspicuous in our stores by its absence. Packing of the goods purchased, it seems, is forbidden by the authorities, even at the cost of the purchaser. The attitude of the sales managers is one of general indifference. We fear, if matters are not set right soon, many of the stores may have to be closed the next day the controls are lifted.

Any store which likes to survive in the post-war period must provide its members with all the goods that they may ordinarily require. The store should not expect the customer to go over to two or three shops to purchase his goods. Besides for the proper expansion of the movement the stores must also stock new varieties of goods produced by the producers' societies so that a new demand may be created for them. Every store in the urban areas and in many sumi-urban areas must have a provisions department, a fancy goods department and a cloth department and if possible a firewood department. It is well recognised that a store that does not supply the two chief articles of consumption—food and fuel—is bound to be a failure. Even in the rural store a small cloth department which works on the indent system—whereby three times or four times the total estimated sales may be obtained to provide for variety and choice, from a nearby store for about a week in a month or two with or without the payment of small commission—may be tried with advantage.

The prices charged by a store must be the market price for a commodity of the same quality and that the best quality. Where the store caters to the poorer sections also purchasing inferior quality of goods, the store may have to stock them reluctantly but always must educate those members to sacrifice quantity for quality. The weights and measures used must be correct and accurate in every respect. This has to be mentioned here because instances are not unknown where the unscrupulous employees of the store resort to malpractices, mostly because they are ignorant of the principles on which a store is supposed to run. With regard to the problem of credit sales, it must be accepted that though the rule of cash sales is golden it must of necessity be relaxed for the convenience of the members. In the case of monthly salary earners, credit sales may be permitted, up to half of their share capital in the second fortnight of the month and the dues recovered in the first week of the next month. When payment is not made immediately, the amount may be debited to his share capital account, further credit sales being disallowed to that member. Alternatively, the member may be asked to purchase at the beginning of the month, a Cash Receipts Book, purchases being paid for by those receipts. In the case of the working classes earning daily and weekly wages, this problem does not arise. In the case of the rural store the credit society may be asked to advance a loan to the member, which will be treated as a deposit by the member in the store, against which credit sales are offset.

VI

The man at the counter must be an efficient salesman and this depends upon his training, both practical and theoretical. It does not mean that he should have high educational qualification but he must be a man with a sound knowledge of the three R's. It is indispensable that he should be given some lessons in the theory and philosophy of the consumers' movement and must receive a practical training for atleast one month in a premier store in the district or in the T. U. C. S. The success of the store on the practical side depends on the salesman and salesman only and when once the store is started its progress and expansion depends mainly on the salesman whose courteous manners, polite behaviour, prompt attention, sound business acumen, unshakable faith in co-operative trading principles and unquestionable character are bound to attract and please members and tempt non-members to become members. They must enjoy a fixed tenure of employment, with decent chances of increments in salary. An employee in a co-operative store should in no case receive a salary less than what others in the same line are receiving, but must receive more for the special duties cast upon him. The staff employed by all the primary stores in 1943-44 was 6,600 hands, and one may ask why their service conditions and scale of salary and increments may not be standardised for the Presidency as a whole. This is bound to attract better people to the line. It may also be necessary to give a greater margin of freedom to the manager of the store—who is fully trained for the purpose—because the directorate may not be in a position to attend to the business with all the diligence it requires, as they are mostly honorary and untrained. So it is best for them to select a really capable manager and leave him unfettered in the business—at the same time exercising all reasonable and possible care themselves—without unnecessarily meddling in the business, of which they know so little. But in big stores, if there is a really capable Managing Director willing to devote his time to the store he may be allowed to do so and paid some salary or at least an honorarium. A directorship in a store should in no case be accepted for the prestige it is supposed to bestow and such people should be excluded without fear or favour by the members themselves. In case this undesirable element enters the directorate and is either inactive or introduces party politics etc. the success of the store becomes problematical and the official interference—which we all resent so much—will have to be increased to safeguard the movement. Any person carrying on some retail business himself must not be allowed to enter the directorate. The members also should take lively interest in the store and elect only really capable persons willing to devote sometime to the store as directors and not men with high sounding names.

VII

The one thing that contributes to the success of the store, more than all the above precautions and measures advocated, is the loyalty of the members. If all the members are determined that they will make all their purchases at the store only, even at a slight inconvenience or slightly higher price, the store is bound to succeed. That is why Dr. C. R. Fay laid great emphasis on loyalty when he said that "Co-operative store keeping is always a possibility, provided the population has three qualities: loyalty, shrewdness and determination". It need not be pointed out that in the store of today loyalty is more honoured in the breach than observance. For this we should not blame the members who are allowed to look upon their store societies as "nothing more than mere shops providing their requirements nearer their homes." It is to be regretted that neither the Department nor the non-official agencies have carried on propaganda to secure members' loyalty. But we are sure that if properly educated it is very easy to rely upon the complete loyalty of members both in the rural and urban areas. If only we can convey to them in forcible language the philosophy of consumers' movement we can be sure of the loyalty of the middle classes. Pamphlets may be distributed in vernaculars free of cost both to members and non-members; propaganda pictures of the type of news reels may be exhibited in theatres. Appeal can also be made to the customers by means of hand bills distributed at the stores and at the members' houses. General body meetings, of course, can be called for to appeal at any time. Similarly in the case of rural people, if we can impress on them that the excellent building of the village merchant was built out of the profits collected from them, we can rest assured of their loyalty for all times provided the store takes all the necessary precautions to keep up the prestige that it can command. But once the dealings give rise to suspicion or if the salesman or sales policy is suspected by the members, it is better to close the store instead of wasting further time over it. It must be the aim of the central agency to supply all the members free of cost a journal

which can do the necessary propaganda work for the consumers' movement in particular and co-operative movement in general. When the present stores are consolidated—as they must be—the movement will be very strong in normal times and there is every scope for the further expansion, in which a journal of the above type is bound to play a greater part. The responsibility for all this lies on the non-officials who must do all the necessary work with utmost faith in the co-operative principles.

VIII

While every body appreciates the help rendered to the movement by the Government one should not expect its continuance in the post-war period after the controls are lifted. We fear that to ask for its continuance itself is not proper. If a store cannot stand on its own feet, its continuance is a matter to be regretted. The store must be highly obliged to the State for its aid given in war-time—and must take immediate steps to be self-supporting. Even the Government lent managers etc. should be returned before the State thinks of recalling them. A system of self-supervision either by separate supervision councils for every store or by supervising unions must be immediately devised. The only help that a store can expect is the statutory duty of concurrent and final audit. As for priorities no one need feel sorry when they are lifted and the only legitimate help that can be expected is the same treatment as that given to the private retail shops and Wholesales.

An important auxiliary to the efficient working of the movement is an analytical, critical and suggestive study of the various phases of the movement both by officials and non-officials and timely action on the part of the officials—not unnecessary meddling—to set right mistakes. It is surprising to note the paucity of data on the consumers' movement. In the annual Administration Reports of the Department one searches in vain for the number of members, amount of share capital, cost of management etc. which are so very essential for any study of the movement.

After all is said and done, it must be recognised that it is good co-operators and not good co-operative principles that make co-operation a success. We hope that the non-official co-operators, especially those leading the movement will rise up to the occasion and leave no stone unturned to run the stores successfully for if they cannot run a store successfully especially in the urban and semi-urban areas—where there is so much educated element—with what sense of honesty can they go and preach co-operation to their uneducated brothers in the villages?

WAR-TIME PRODUCTION AND DISTRIBUTION OF CEREALS IN THE MADRAS PRESIDENCY

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Although the primary responsibility of providing adequate food for the life and health of the population rests with every nation, in India, the exact position of food supply, relative to the requirements of the people, was not known even after the outbreak of the war. Very little information was available about the consumption habits of the people except that there was an underfeeding of at least 30 per cent of the population, as indicated by the diet surveys and that the internal production was supplemented by imports of foodgrains, particularly cereals, from the countries in the East. The fundamental problems of ascertaining the needs of the population and of distributing the available foods to satisfy these requirements, never received any serious consideration till the entry of Japan into the War. The fall of Burma and the other countries in the East resulted in the cessation of grain imports which, in conjunction with other factors, complicated the food situation and an acute scarcity was felt for foodgrains, particularly rice. Various measures were adopted by the Government of India and the provincial Governments during the last three years to ease the situation and recently it has been decided to continue this vigilance[1], even in the post-war years, to attain the object of providing adequate and proper food for the population.

The Madras Presidency, even in normal times, imported cereals, particularly rice, from countries in the East to supplement her internal production. There was an average annual net import[2] of 848,000 tons of foodgrains during the first three years of the War of which 624,000 tons was rice. The war in the East effected a rapid curtailment of these imports which, along with other factors, resulted in an acute scarcity of foodgrains, mainly rice. The early measures adopted by the Government in this province were directed to restrict the trade in cereals. Export of paddy and rice from the Province was controlled from June 1942 and was gradually extended to other foodgrains by the end of that year. No trader was allowed to transport any foodgrain without a regular permit from the Commissioner of Civil Supplies, except small quantities for domestic consumption. The Food Grains Control Order was also enforced to restrict the purchase, sale, or storage for sale of foodgrains in wholesale quantities by any individual without a licence. Along with the control of trade, an official purchasing agency was established in areas of surplus production of rice to purchase

[1]Food Member's speech at the recent All-India Food Conference.

[2]Report of the Food Grains Policy Committee, p. 16.

grain for foreign exports and to supply the deficit districts of the Province and the Defence Services. The inter-district movement of foodgrains was also prohibited and measures were taken to control the milling of paddy since March 1943, with a view to securing sufficient supply of foodgrains particularly rice, for the deficit areas. To relieve the scarcity, rationing of rice was introduced in September 1943, first in the City of Madras and it was gradually extended to other urban areas. Cholam, ragi and cumbu were included as part of the ration along with rice in areas having a considerable production of these grains, and at present statutory rationing is working in all the municipal towns and in the rural areas of Malabar. The grain for the rationed areas is obtained from the surplus districts and is supplemented by imports. Under the existing scheme of procurement licensed middlemen and millers purchase grain from producers by offering them not more than the ceiling prices and export it with the permit of the concerned officers to the required areas.

In addition to the measures adopted by the Government to control trade and distribution of foodgrains, the 'Grow More Food' campaign was launched in 1942 with the main object of meeting "the threatening shortage during the War" by "increasing the out-put of foodstuffs in deficit in the Province."[3] Although enough rice for the rationed areas was available till September 1944, consequent on the increased difficulties felt for procuring this grain from surplus areas of the Province, wheat, whose imports could easily be secured, was introduced in the City of Madras as a part of the ration in November and was gradually extended to all other areas to form at least a sixth of the adult daily ration of a pound of cereals. The three years' effort to increase home production of foodstuffs does not seem to have materially altered the dependence of this Presidency on foreign imports. The estimated production[4] of all the important foodgrains for the year 1943-44 has not reached even that level attained in 1940-41, the year prior to the entry of Japan into the War, when scarcity, particularly of cereals was not visible in the Province. With the termination of the War, the Government is planning to attain self-sufficiency in food resources in the post-war period, by increasing home production. This object can be achieved by augmenting production in such a manner as to satisfy the needs of the population and the existing deficit in cereals may be filled up by regulating trade till that level is reached. Since cereals form the staple food of the Province it is necessary first to adjust the production of these grains to avoid the dependence on foreign imports. For any plan to attain this objective it is essential to study the production and distribution of cereals in all the districts of the Province during the recent years.

A proper appraisal of the consumption standards of the population is necessary to judge the adequacy of production in any region. Under the

[3]'Grow More Food' pamphlet issued by the Government of Madras (1944).

[4]See the Season and Crop reports.

present scheme of rationing, a pound of cereals daily per adult, the quantity required for a balanced diet yielding an energy of 2,600 calories, is taken as the unit, and children between the ages of 2 and 12 are allotted half that ration. Since recent experience has shown that the consumers are not even taking this ration in full, the pound of cereals can be adopted as the standard for urban population. But this quantity based on urban consumption cannot be utilised as a standard for rural areas, for, the rural population are mostly workers engaged in agriculture and in other hard manual labour. To provide for the energy requirements of the agricultural classes. a quantity of atleast 1¼ lb. of cereals should be taken as the adult daily ration. The quinquennial averages of estimated production of cereals in the different districts for the years 1939-40 to 1943-44 and the population of urban and rural areas given in the Census Report of 1941 are utilised for this study. As the population figures are not available by age groups in the 1941 census, for calculating the requirements of the population in various districts, the age composition of 1931 census is utilised both for urban and rural areas, and children between 2 and 12 years are taken to need only half the quantity allotted for the adult.

Column (2) of Table I shows the quantity of rice available in different districts of the Province after allowing[5] for husking and seed requirement. The total quantity is 4.6 million tons with Tanjore having the maximum. Column (3) of the same table gives the total quantity of cholam, ragi and cumbu and column (5) that of other millets (korra, varagu, samai and maize) available[6] for consumption. The total quantity of millets is 2.7 million tons and that of all the cereals is 7.3 million tons. The production of different cereals is distributed unevenly among the districts. Column (7) of the same Table gives the total number of adult rations calculated for the rural population in each district, with Malabar having the maximum number. The annual cereal requirement of the rural population in different districts based on the standard of 1¼ lb. per adult daily is shown in column (8). The total requirement of the rural areas is 6.9 million tons which is almost the same as the total quantity of rice, cholam, ragi and cumbu (excluding minor millets) available for consumption given in Column (4).

Since cereals are produced only in rural areas, the quantity of these grains left over after satisfying the rural requirements will be available for urban consumption. Taking the production of all the cereals given in column (6) the quantities of surplus and deficit in different districts after

[5]The seed requirement is deducted at the rate of 62½ lb. per acre taking the average area sown for the five years of war. Loss in weight due to husking is allowed as given in the Season and Crop reports for all the Cereals.

[6]The quinquennial average is utilised to exclude seed requirement at 10 lb. of clean grain per acre, for all millets.

TABLE I.

District.	Quantity in Tons Available for Consumption.					Rural Population.		Surplus and deficit taking rural requirements.	Urban Population.		Deficit taking the four main grains.
	Rice.	Cholam, Ragi and Cumbu.	Total of Columns 2 and 3.	Other Millets.	Total Cereals.	Adult Rations.	Annual Requirement at 1·25 lb. per adult Daily.		Adult Rations.	Annual Requirement at 1 lb. per adult Daily.	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
							Tons			Tons	Tons
Vizagapatam ...	238,645.2	128,891.4	367,536.6	7,445.0	374,981.6	2,805,121	571,355.5	—196,373.9	313,048	51,010.1	254,829.0
East Godavari.	338,719.8	41,258.2	379,978.0	3,208.3	383,186.3	1,500,447	305,615.5	+ 77,570.8	257,730	41,996.2	...
West Godavari.	350,377.7	20,227.2	370,604.9	1,202.3	371,807.2	933,376	190,112.8	+181,694.4	189,764	30,921.4	...
Kistna ...	285,233.9	61,938.6	347,172.5	3,477.4	350,649.9	984,570	200,540.2	+150,109.7	190,567	31,052.2	...
Guntur ...	207,898.1	131,613.3	339,511.4	29,666.1	369,177.5	1,585,115	322,861.0	+ 46,316.5	292,973	47,738.9	31,088.5
Kurnool ...	29,829.8	141,855.6	171,685.4	60,912.4	232,597.8	808,589	164,695.8	+ 67,902.0	123,290	20,089.7	13,100.1
Bellary ...	13,856.7	106,771.8	120,628.5	55,565.0	176,193.5	687,288	139,988.9	+ 36,204.6	164,320	26,775.4	46,135.8
Anantapur ...	48,358.1	111,573.2	159,931.3	43,683.0	203,614.3	831,568	169,376.3	+ 34,238.0	118,946	19,381.8	28,826.8
Cuddapah ...	59,215.2	129,614.5	188,829.7	17,870.7	206,700.4	783,964	159,680.1	+ 47,020.3	87,313	14,227.3	...
Nellore ...	176,452.7	156,397.4	332,850.1	19,742.1	352,592.2	1,196,448	243,696.1	+108,896.1	128,059	20,866.8	...
Chingleput ...	238,526.6	33,283.5	271,810.1	6,549.0	278,359.1	1,212,656	246,997.4	+ 31,361.7	252,798	41,192.5	16,379.8
South Arcot ...	279,158.3	78,050.3	357,208.6	48,172.7	405,381.3	1,901,862	387,377.0	+ 18,004.3	219,765	35,809.9	65,978.3
Chittoor ...	110,151.1	112,345.7	222,469.8	4,499.7	226,996.5	1,245,870	253,762.5	— 26,766.0	83,090	13,539.2	44,804.9
North Arcot ...	242,504.0	86,233.3	328,737.3	19,640.0	348,377.3	1,722,299	350,803.0	— 2,425.7	328,733	53,565.9	75,631.6
Salem ...	125,405.8	247,427.9	372,833.7	28,834.2	401,667.9	2,048,730	417,291.5	— 15,623.6	247,637	40,351.6	84,809.4
Coimbatore ...	56,110.9	270,665,3	326,776.2	11,631.5	338,407-7	1,939,598	395,063.1	— 56,655.4	338,726	55,194.2	123,481.1
Trichinopoly ...	177,737.9	126,456,7	304,194.6	37,971.0	342,165.6	1,519,023	309,399.2	+ 32,766.4	289,748	47,213.4	52,418.0
Tanjore ...	587,079.7	7,433.1	594,512.8	11,199.5	605,712.3	1,758,550	358,186.7	+247,525.6	350,648	57,136.8	...
Madura ...	183,710,0	112,991.2	296,701.2	25,853.3	322,554.5	1,519,071	309,408.9	+ 13,145.6	467,491	76,176.0	88.883.7
Ramnad ...	139,265.4	64,519.9	203,785.3	18,780.6	222,565.9	1,241,887	252,951.3	— 30,385.4	365,311	59,526.1	108,692.7
Tinnevelly ...	176,569.8	74,336.7	250,906.5	5,848.0	256,754.5	1,362,515	277,521.1	— 20,766.6	468,639	76,363.1	102,977.9
Malabar ...	317,578.3	5,430.8	323,009.1	1,162.2	324,171.3	2,851,074	580,715.3	—256.544.0	300,618	48,984.6	306,690.8
South Kanara ..	243,005.3	2,214.7	245,220.0	19.9	245,239.9	1,098,268	223,698.5	+ 21,541.4	120,722	19,671.2	—
The Nilgiris ...	3,307.6	1,332.1	4,639.7	813.2	5,452.9	117,378	23,907.9	— 18,455.0	56,089	9,139.5	28,407.7
Madras ...	...	...	...	...	...	...	...	...	657,889	107,200.7	107,200.7
Total ...	4,628,697.9	2,252,862.4	6,881,560.3	463,747.1	7,345,307.4	33,655,267	6,855,005.6	+490,301.8	6,413,914	1,045,124.5	1,580,336,0

allowing for the rural needs are given in column (9) of Table I. There are 15 districts having a surplus and the production of the remaining 9 is not even sufficient for the needs of the rural population. Taking all the rural areas of this Province into consideration, a quantity of 490,301 tons of cereals is left over for urban consumption. Column (10) of the same Table shows the adult rations of the urban areas in each district and column (11) the annual grain requirement at a pound of cereals per adult daily. The total quantity of grain needed for the urban population is 1.05 million tons and taking the available surplus from the rural areas there is a net deficit of 554,822.7 tons, which is slightly less than the net import of cereals[7] in normal times. If the population of the Province is to be provided with a sufficient quantity of cereals according to the standards adopted, the existing production must be increased by about a million tons of cereals every year in addition to the annual recurring increase necessary to provide for the growth of the population.

Taking into consideration the production relative to the requirements, all the districts may be classified into three groups: those having a surplus after providing for the rural and urban requirements, those with a surplus after providing for the rural needs but not sufficient to feed the urban population and those with a production not even adequate for rural consumption. Table II indicates this classification of the districts and

TABLE II.

Areas having total surplus.		Urban deficit after providing for rural areas.		Urban requirements of areas having a rural deficit.	
District. (1)	Quantity Tons. (2)	District. (3)	Quantity Tons. (4)	District. (5)	Quantity Tons. (6)
East Godavari...	35,574.6	Guntur ...	1,422.4	Vizagapatam.	51,010.1
West Godavari..	150,773.0	Chingleput ...	9,830.8	Chittoor ...	13,539.2
Kistna ...	119,057.5	South Arcot...	17,805.6	North Arcot...	58,565.2
Kurnool ...	47,812.3	Trichinopoly..	14,447.0	Salem ...	40,351.6
Bellary ...	9,429.2	Madura ...	63,030.4	Coimbatore ...	55,194.2
Anantapur ...	14,856.2			Ramnad ...	59,526.1
Cuddapah ...	32,793.0			Tinnevelly ...	76,363.1
Nellore ...	88,029.3			Malabar ...	48,984.6
Tanjore ...	190,388.8			The Nilgiris...	9,139.5
South Kanara ...	1,870.2			Madras ...	107,200.7
Total ...	690,584.1	Total ...	106,536.2	Total ...	514,875.0

[7] The net import is 711,000 tons (Report of the Food grains Policy Committee).

column (2) of the table shows the surplus quantities left over and column (4) the deficit needed to feed the urban population. Since the production is not even sufficient for the rural requirements in the districts belonging to the third group given in column (5), the grain required for the corresponding urban areas specified in column (6) must be secured from the surplus districts. The total surplus quantity is 690,584.1 tons which is sufficient to meet the total deficit of the urban areas which is 621,411.2 tons. If it is the simple problem of providing cereals to all urban areas only, a suitable plan is required for distributing the available surplus to the deficit areas. All the surplus and deficit districts are divided into three zones and a scheme for providing grain with minimum transport is shown in Table III. The figures indicate that each zone is self sufficient.

TABLE III.

Surplus area.	Quantity Tons.	Corresponding deficit area.	Quantity Tons.
Zone (i) — East Godavari West Godavari Kistna	305,405.1	Vizagapatam Guntur Chingleput Madras South Arcot Salem Coimbatore	282,815.4
Zone (ii)— Ceded Districts	104,890.7	Chittoor North Arcot	67,105.1
Zone (iii) — Nellore Tanjore South Kanara	280,288.3	Malabar The Nilgiris Trichinopoly Tinnevelly Madura Ramnad	271,490.7
Total	690,584.1	Total	621,411.2

Rice is the staple food grain of the population in this province and although there is a considerable production of millets, they are utilised mainly as supplementary foods to rice, in the local areas of production. Under the present scheme of rationing only rice is issued to urban areas in all the districts except the Ceded Districts, Salem, Malabar and South Kanara where millets also form a part of the ration. Taking the production of rice alone, West Godavari, Kistna and Tanjore are the only districts having a surplus after providing this grain for the urban and rural population.

Column (2) of Table IV shows this surplus to be 354,741.2 tons. South Kanara and East Godavari are almost self-sufficient. Column (3) of Table IV indicates the districts having urban rice rationing but whose total cereal production is not even sufficient to meet the requirements of the rural areas. The quantity of rice given in column (4), which is 425,538.8 tons must be secured to meet the requirements of the urban population in these districts. Considering the existing surplus, there is a net deficit of 70,796.6 tons of rice.

TABLE IV.

Surplus rice areas.		Rural deficit but urban rice requirements for rationing.	
District. (1)	Quantity Tons. (2)	District. (3)	Quantity Tons. (4)
		Vizagapatam ...	51,010.1
		Chittoor ...	13,539.2
West Godavari ...	129,343.5	North Arcot ...	53,565.9
Kistna ...	53,641.5	Coimbatore ...	55,194.2
Tanjore ...	171,756.2	Ramnad ...	59,526.1
		Tinnevelly ...	76,363.1
		The Nilgiris ...	9,139.4
		Madras ...	107,200.7
Total ...	354,741.2	Total ...	425,538.8

Since there is very little movement of millets in this province, the minor millets may be excluded in considering the distribution of cereals. Column (12) of Table I shows the districts having a deficit taking the rural and urban requirements relative to the total production of rice, cholam, ragi and cumbu given in Column (1). Column (2) of Table V shows the surplus quantities of these grains available after providing for the needs of the rural and urban population in the districts given in column (1). Column (3) of the same table gives the districts with rural surplus which is not sufficient to meet the requirements of the urban population and the quantity required is given in column (4). All these districts are having rationing of rice in the urban areas, and as such, considering the production of these four grains alone, there is a deficit of 693,387.2 tons of rice which is slightly greater than the rice imports of 624,000 tons in normal times. Column (5) of the same table gives the districts where millets are included in the ration but the production is not sufficient even to meet the rural requirements. The corresponding quantity of cereals needed for feeding the urban population is given in column (6).

TABLE V.

Surplus after providing for urban and rural requirements.		Rural surplus but urban deficit.		Urban requirement where there is a rural deficit.	
District. (1)	Quantity Tons. (2)	District. (3)	Quantity Tons. (4)	District. (5)	Quantity Tons. (6)
East Godavari...	33,366.3	Guntur ...	31,088.5	Bellary ...	26,775.4
West Godavari.	149,570.7	Kurnool ...	13,100.1	Anantapur ...	19,381.8
Kistna ...	115,580.1	Chingleput ...	16,379.8	Salem ...	40,351.6
Nellore ...	68,287.2	South Arcot...	65,978.3	Malabar ...	48,984.6
Tanjore ...	179,189.3	Trichinopoly.	52,418.0		
South Kanara ...	1,850.3	Madura ...	88,883.7		
Cuddappah ...	14,922.3				
Total ...	561,766.2	Total ...	267,848.4	Total ...	135,493.4

As the general level of consumption, particularly of the rural areas, depends usually on local production, it may be taken to be high in areas having a surplus production than in those with a deficit. If the rural population in the deficit areas is assumed to need only a pound of cereals per adult daily, considering the production of the four main grains, rice, cholam, ragi and cumbu, column (2) of Table VI shows the quantity required for the total population on the basis of this daily requirement, and column (3) gives the corresponding deficit which is 636,936.2 tons. But there are

TABLE VI.

Districts having a rural deficit. (1)		Total requirement at 1 lb. per adult daily. Tons. (2)	Annual deficit taking the four main grains. Tons. (3)
Vizagapatam	...	508,094.4	140,557.8
Bellary	...	138,766.5	18,138.0
North Arcot	...	334,208.3	5,471.0
Salem	...	374,184.7	1,851.0
Coimbatore	...	371,244.7	44,468.5
Ramnad	...	261,887.1	58,101.8
Tinnevelly	...	298,380.0	47,473.5
Malabar	...	513,556.9	190,547.8
The Nilgiris	...	28,265.3	23,626.1
Madras	...	107,200.7	107,200.7
Total	...	...	636,936.2

districts whose production is not sufficient to meet the requirements of the rural population if 1¼ lb. of cereals per adult daily is allowed, and a surplus is left over if only a pound is taken as the standard. If 1¼ lb. of cereals are allowed for all those districts (Guntur, Kurnool, Anantapur, Chingleput, South Arcot, Chittoor, Trichinopoly and Madura) the deficit works to 341,480.1 tons. Considering this scheme of allotment, there is a total deficit of 978,416.3 tons of cereals.

This study reveals an uneven distribution of cereals produced relative to the requirements of the different districts. If the available cereals are equitably distributed, the daily adult allotment works to 18 oz., consisting of 11.4 oz. of rice, 5.5 oz. of main millets and 1.1 oz. of other millets. But taking the standard of 1¼ lb. for the rural and a pound for the urban areas, there is a deficit of about six lakhs of tons of husked grain. If the production of the minor millets is excluded the deficit works out to 1,008,569.8 tons. An increase of about a million tons in production is thus necessary to meet the requirements of the province besides the recurring increase needed to keep pace with the growth of population. Notwithstanding the fact that there is a considerable production of millets, they form part of the ration only in few urban areas; and this indicates an increasing demand for rice rather than for millets. Hence any plan for stimulating home production of cereals in this province must concentrate upon increasing the production of rice. Consequent on the termination of war, even if it is possible to renew the rice imports from Burma and other countries in the East, the experience of the last few years is sufficient enough for this province to retain the zeal and continue the efforts to achieve the object of sufficiency at least in the staple food grain rice, rather than rely on imports. Further, the cessation of hostilities helps to accelerate the execution of those schemes planned for increasing production of foodstuffs which could not be undertaken during war time. Rice imports can be secured from the neighbouring countries to fill in the existing deficit, but these should be controlled in a manner not to damp the efforts to increase the home production. With a rapid increase in internal production, the imports can be gradually curtailed, making the province finally self sufficient. The 'Grow More Food' campaign launched to increase home production of foodstuffs during war-time should receive an added impetus in the post-war period, so that it may be possible for this province to attain rapidly the ultimate goal of self-sufficiency.

AGRICULTURE IN THE BOMBAY PLAN OF ECONOMIC DEVELOPMENT

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Industry has been given the dominant role in the Bombay Plan of Economic Development. This is a natural reaction against the over-ruralisation of the country, for which there are few parallels outside China and to which Indian economists from the days of Ranade have been drawing the attention of the public. The tendency in every western country, advanced not only industrially but also agriculturally, is towards a gradual diminution in the proportion of the population engaged in agriculture and a steady rise in that employed in industries and services. It is the case, for instance, not only in England and Germany but in France, Holland and Denmark in Europe and in the new countries of the world—the United States, Canada, Australia and South Africa—in every one of which there has been a remarkable increase in the agricultural out-put, total as well as per worker. That is indeed a measure of the efficiency of the agricultural worker and of the new tools and implements and machines invented to aid or save labour in agriculture.

As the authors of the Bombay Plan have pointed out, there is no need to fear that the industrial expansion aimed at will, when achieved, markedly change the agricultural characters of the country. They are indeed anxious to do their best for agriculture as well as for industry and their schemes of social welfare are meant for all and bound to benefit the rural folk more than the townsmen who have had more than their due share of public aid.

We feel that in spite of all this the target fixed for agricultural production is too low and that the capital budgeted for is inadequate for the achievement of even that target. We found also some lacunae as regards the mode of operation of the plan of production and the method of distribution of the net income. These have been to some extent filled up by the second memorandum issued by the authors of the Plan. The provisions made are not, however, entirely satisfactory.

The authors of the Plan say that " the target for agricultural production has been deliberately fixed low as India should as far as possible aim at feeding her own population adequately and should not aspire to export to foreign markets in the initial years of planning" which, by the way, is the opposite of the policy pursued by the U.S.S.R. The reason given for such a rigorous policy of self-sufficiency is the uncertainty of foreign demand for our agricultural commodities. There is, no doubt, an element of uncertainty in all foreign trade but the world demand for Indian jute, tea, oilseeds and even short staple cotton is bound to be still considerable and may well be used in the negotiation of by-lateral trade terms with countries whose capital goods we need for the expansion of our industries and even agriculture. And it cannot be asserted with the data available that the "real cost" as well as money cost of production of all our agricultural commodities is definitely greater than that in other countries of the world growing the same crops, nor that the substitute crops suggested can be grown at less "real cost". In the case of several crops it is not easy to isolate the cost of production of each and argue that it is not by itself economical to grow. We have to take a group of crops to fit in with a system of rotation of crops, or of mixed cropping simultaneously, advisable from the point of view of conservation of soil fertility or moisture or cost of operations. Groundnut, for instance, is preferred as a leguminous crop in a system of rotation with cereals; and lab-lab and pulses are almost always grown with dry millets (jowar etc.). As for growing long staple cotton in the place of short staple cotton, efforts have been made by the Departments of Agriculture in this direction for a longer time than in the case of any other crop; but progress has not been commensurate with efforts not only because of geographical limitations but of economic considerations. The premium paid for long staple is not always sufficient to make good the lower yield or the higher cost of production. In the Ceded districts of Madras with precarious rainfall, short staple cotton is the one crop which is not likely to fail, while almost all millets fail in a bad year.

We are told that the demand for food crops which form the bulk of our agricultural produce is comparatively inelastic even after taking into account the probable increase in population and the higher level of income which the Plan will bring about and the larger demand for industrial raw materials and that it is not likely that more than 130 per cent increase will be absorbed in this country. This appears to ignore the awful gap that exists between the actual intake of the different kinds of food by our people and their requirements according to modern nutritional standards. A 130 per cent increase may be more than ample to provide two full meals a day of the traditional type for the existing population, the majority of whom do not get a single "square meal" a day in normal times. But it cannot provide "the balanced diet" as prescribed by nutrition experts. The demand for cereals is no doubt inelastic after a certain stage of comfort is reached. In fact the proportion of cereals in the diet of the more prosperous nations is declining. And as their population is not growing so fast as in India, the demand for cereals is going down, absolutely and proportionately to the other foods which are growing in favour: milk, meat, eggs, sugar, fruits and vegetables. These foods were considered luxuries at one time, but are now, with the exception of sugar, treated as essential "protective foods" and accorded a high place. Comparative figures of consumption per capita of these products are not available in every case; but where estimates have been made of some of them, India occupies a very low place, keeping company with China. Sir John Orr stated a few years back that while a third of the people of even Britain and the United States were living on inadequate diets, in India and China permanent under-feeding and periodical starvation were the rule. The number of the under-nourished in Britain was greatly reduced even in the midst of the War as a result of the stimulation of production and consumption of milk. In India on the other hand acute scarcity has been prevailing, at any rate among the poor even in respect of cereals, not to speak of milk and milk products, Dr. Aykroyd analysing the food situation in India three years back laid down the following percentage increases needed in the interest of better nutrition: cereals 30 per cent, pulses 100 per cent, vegetables 200 per cent, milk and milk products 300 to 400 per cent.

The area under cereals need not be increased if efforts are made to increase the yield by the adoption of improved methods of cultivation and seeds. But the area under fruits and vegetables which has long remained stationary must be greatly extended. And far more area and effort should be devoted to the growing of fodder crops for milch animals so as to raise the per capita consumption of milk among a population largely vegetarian. This should be in addition to the fodder available as a by-product of grain crops. It is an old notion that these "agricultural specialities"—as milk, fruits and vegetables and eggs were called—would be and need be produced only when there is an active demand for them from consumers who belong to a different class, industrial or commercial, with higher purchasing power. There is no reason why these crops should not be encouraged to be produced for the consumption of producers themselves, once their more immediate wants are satisfied by an adequate quantity of cereals grown.

The extension of the area under cultivation is essential not only from the point of view of raising the required quantity of all essential foodstuffs and industrial raw materials but from that of providing employment for all those able and willing to work on land, many of whom do not get enough land to work now. There is no country, outside China and Japan, where the average holding is so small as in India. We agree with the authors of the Bombay Plan that the scope for the reclamation of cultivable wastes deserves a thorough enquiry but we are not so pessimistic as to be "extremely doubtful if much of it is cultivable".

Ideas of cultivability must change with the development of mechanization in the reclamation and cultivation of cultivable wastes. Dr. M. Gorrie of the Indian Forest Service thinks that "even the worst areas of deeply gullied uplands can be brought under the plough by the use of mechanical tractors, road graders, bull-dozers, heavy sub-soil ploughs and even where necessary, by the use of explosives". He estimates that 140 million acres in British India and 30 million acres in Indian States can be reclaimed first. This is fit work for demobilised soldiers who have been trained to use big machines for moving vast masses of earth in connection with the clearing of jungles and the laying of roads. Where there is no want of rainfall—as in the Wyanaad and the Agency Tracts in South India—construction of roads and eradication of malaria would bring under cultivation vast areas of fertile land. It is necessary to provide a substantial sum for such reclamation of wastes, but nothing has been provided in the Bombay Plan.

The need to arrest soil erosion that has been going on for decades is rightly stressed, but the provision of Rs. 200 crores for millions of acres to be terraced and for lands in the upper regions of rivers to be afforested looks too meagre. If development should proceed on the scale and lines of the Tennesse Valley Authority in the United States, not only should such a powerful independent body be created but large sums should be entrusted to the authority for carrying out the reforms rapidly.

The proposal to treble the irrigated area is laudable, as in a tropical country irrigation is the greatest stimulus and an essential condition for intensive cultivation. But the provision of capital for construction and maintenance of irrigation works has been made on the old scale of charges plus 50 per cent. The new works are bound to be far more costly and more difficult to construct, as generally the cheaper and easier works would have all been taken up earlier. Labour charges are far higher now, while in the past part of the labour would have been obtained by a system of conscription and even free labour was paid very low wages. An additional Rs. 100 crores is hardly sufficient to cover the extra cost of new river works. As for more tanks and wells to irrigate another 48 million acres, the provision of Rs. 50 crores is more a gesture of good will than of substantial help. In the central inland districts of Madras with poor rainfall it was difficult in pre-war years to construct a well at less than Rs. 1,000. It would cost at least thrice that sum now, and with the availability of electric power to meet the cost of installation and machinery for pumping another Rs. 1,000 would be necessary. Such a well may serve a holding of 10 acres of gardenland, not all of which would be under irrigation at the same time. A preliminary survey of the sub-soil water resources in the drier parts of India is very essential. More liberal provision for the sinking and equipment of wells would amply repay investment.

Of the reforms proposed in the Plan, priority of place has been given to the rectification of excessive sub-division and fragmentation of holdings. But instead of restripment of holdings into compact self-contained blocks of owned land each to be cultivated by its owner, consolidation of cropping on holdings pooled for a temporary period "without depriving the cultivators of their right of ownership of their existing holdings" is advocated; and this is called "co-operative farming", though "some measure of compulsion" is contemplated. Perhaps the authors had in view the experiment in such co-operative farming initiated in Nadia in Bengal by an Indian Civilian. We do not know how it is progressing now. We are sceptical of its success without a dominant personality to guide and direct it throughout. Experiments in co-operative farming of the old voluntary type have not been much of a success anywhere in the world, as farmers are averse to merge their individuality in carrying on cultivation. To us there appears to be no escape from the drastic solution of consolidation, if not also enlargement, of holdings by compulsion, which has been long ago adopted in all European countries and latterly in parts of the Central Provinces and more recently in the Punjab which used to swear by voluntary (co-operative) consolidation. We wonder why in the Plan no provision has been made for the expenses of restripment, realignment of channels, construction of roads, etc.

Improvement of yield per acre has great possibilities, the authors of the Plan say, and they advocate for the purpose better rotation of crops, use of better seeds, improved types of implements etc. Our agriculturists have little to learn from others on the system of rotation suited to their environment. Nor can improved implements avail much in the cultivation of paddy though in the case of sugarcane and cotton they may benefit a great deal, if holdings are large and compact. Any holding growing any crop is bound to gain by the use of improved strains of seeds while the use of fertilisers is specially indicated in the case of crops like plantain, sugarcane, tobacco, chillies, etc. But the provision of Rs. 250 crores to finance current agricultural operations, which is expected to bring about the increased out-put planned, does not appear to us to be adequate in a country where, as a general rule, too little is spent on manures, implements, etc. except perhaps on 50 million acres out of a total of 250 million acres of cultivated land.

The planners pin their faith in "model farms" to be created at the rate of one for every 10 villages at an initial cost of thirty to fifty thousand rupees per farm and a working capital of Rs. 20,000 with the aim of educating the cultivators in the improved methods of cultivation, and proper use of fertilisers and supplying better seeds, implements and even bullocks and rendering veterinary service. We doubt whether the funds budgeted for would be sufficient to discharge the functions assigned. We believe on the other hand, instead of a large number of small demonstration farms it would be better to have a smaller number of larger farms at the rate of not more than one per revenue firka with the main function of multiplying and supplying adequate quantity of improved seeds for all the ryots in the firka, if need be by the lease of ryots' lands. Such a farm may cost Rs. two lakhs each to start and Rs. 50,000 to run every year. The total initial cost would be for 10,000 such farms Rs. 200 crores and running cost Rs. 50 crores. But these farms should not be saddled with the task of trading in manures, implements etc. which are better entrusted to co-operative societies.

Another reform proposed in the Bombay Plan as an essential preliminary to the improvement of agriculture is the liquidation of rural debt which had been estimated at Rs. 1,200 crores before the war. The authors of the Plan think that the recent rise in prices of produce should have helped to bring down the debts to a "considerably smaller figure." It is true that some substantial ryots have been able to clear off their debts by the sale of produce, and that a large number have disposed of part or whole of their holdings at prices never dreamt of and cleared their debts in part or whole. The poorer land-holders having less than five acres of land, who constitute the majority of agriculturists, have suffered more than benefited by the rise in prices, as they have had to purchase their own requirements at very high prices from out of the slender surpluses, if any, left in their hands. The cost of cultivation too, particularly the cost of maintenance of cattle, rose enormously and shows little sign of coming down. But the prices of all but a few controlled goods are not within the purchasing power of petty ryots. The extent of liquidation of rural debts on account of the rise in prices of produce is the subject of a special enquiry in Madras, and perhaps in other provinces too. We cannot assume meanwhile that there has been any great reduction in debt. The Plan deliberately omits to provide finance for long term or short term credit to agriculturists, on the ground that "the debt of argriculturists represents the savings of another class and these savings would themselves be available directly or indirectly for financing co-operative societies". Co-operative banks—provincial, central, urban and land mortgage—have been able to attract from the urban investing public funds for the very limited transactions they have had hitherto. But we require a larger number and variety of co-operative societies for agriculturists for which we may not expect a free flow of funds from the public, at any rate in the initial stages, and therefore a liberal provision will have to be made by the State.

The authors of the Plan recommend the organisation of multipurpose co-operative societies—the panacea prescribed by the Reserve Bank of India—to help the agriculturists realise their due share of the price paid by consumers for the produce, much of which is now mulcted away by the middlemen who often combine with trade money-lending to cultivators and force them to sell the produce at prices dictated by themselves. This feature, forced sale of produce to financers, is not so universal; but the system of 'controlled credit' which has been in vogue in Madras for some years now has its uses. It is good to link credit with marketing, but the function of selling produce at favourable prices must be left to bigger, central sale societies and not attempted by the local village society, which can at best act as agent and adviser. It cannot, except at its peril, dabble in trade.

If the village co-operative society should serve all classes of agriculturists and cater for different needs, it is better to get rid of the fetish of unlimited liability and convert it into a limited liability society granting credit on some tangible security—land or house, mortgaged not for a fixed period but for the duration of membership. Judging from the experience of co-operative societies abroad, the best combination is that of credit and

supply of agricultural requirements, and not credit and marketing or processing. A combination of all functions which multipurpose societies are expected to take up has nowhere been a conspicuous success. It was tried in Germany by Raiffeisen credit societies themselves and given up as a failure with the exception of supply of agricultural requirements. Scandinavian countries, where co-operation is most advanced, have *ad hoc* societies, one for each purpose. In co-operatively backward countries, like China, 'integrated societies' with 'a bewildering variety of functions' have failed miserably. Even in Japan combination of functions has impeded growth, says Mr. C. F. Strickland, and he warns us not to attempt it. We wonder why the authors of the Bombay Plan advocate multipurpose societies, even though they see that "this type of society so far appears to have found little encouragement in the Indian co-operative movement".

We would prefer dual purpose societies, the linking of credit with supply of agricultural, if not also domestic, requirements. This has been the most successful type abroad. But the Bombay Plan assigns the task of supply of agricultural requirements, not only of improved seeds, which we can understand, but also manures and implements to the "model farms" proposed to be set up at the rate of one for every ten villages. From the experience already gained of Taluk Agricultural Depots, where Agricultural Demonstrators have been asked to supply ryots not only seeds, but manures and iron and steel for implements at controlled prices, we would prefer the task of dealing in these goods being taken away from these technical men, as soon as control is lifted, so that they may concentrate their attention on the work of demonstration and propaganda and propagation of seeds, for which they have been trained. We would like for this reason to see co-operative societies handling this business of supply of agricultural requirements recommended by local agricultural experts.

Independent processing societies may do a great deal of good to agriculturists who grow sugarcane which they cannot dispose of to any sugar factory in the neighbourhood and find it tedious and costly to make *gur* themselves, and to a lesser extent to growers of groundnut and cotton who have to carry their bulky crop a long distance to decorticate or gin. Sugarcane crushing and gurmaking, decorticating and ginning may all be attempted co-operatively without any fear of failure, though dairying, fruit-canning, and dehydration of vegetables, may not be so successful as co-operative ventures in the existing circumstances. The Plan does not seem to provide any finance for such co-operative ventures or even for the building of warehouses which are essential for co-operative marketing and not quite within the reach of co-operative finance yet. Perhaps these are all treated as ordinary industrial ventures and finance included therein. But surely processing of the type stated above is best left to agricultural co-operatives.

The authors of the Plan approve of the idea of fixing fair, if not stable prices for the staple crops of the country—based on their cost of cultivation on the one hand and the cost of living of the grower on the other. To determine either of these is not easy; and the interest of the poor consumers, among whom must be included large masses of landless agricultural labourers, is another factor which may render the task of fixing fair prices more difficult. But the task has to be faced if the agriculturists are not again to go down abjectly in a period of slump as they did in the last Depression, when there was no regulation of the free flow of imports from Burma, etc.

Fixing of minimum wages for labourers whose earnings, even on days on which they get work, are admitted to be below the subsistence level is postponed to the time when the developments indicated above have taken place and the reforms in the land system suggested below are carried out. There were thirty million agricultural labourers in 1931; they would be at least a million more by the time the Plan begins to work. Wages have no doubt risen now, but not to the extent necessary to meet the increased cost of living. It is desirable to insist, while fixing fair prices for produce, on payment of living wages for these poor people even from the beginning of the planning period, if only to accelerate the pace of progress of the Plan itself.

The authors of the Plan are clear and emphatic on one reform, which would have been considered revolutionary but for the report of the Floud Commission on Land Revenue in Bengal. They agree with the Commission that the Zamindari system should be abolished and the superior rights in land should be acquired by the State, if not at once in a period of years. They are for the extension of the Ryotwari system all over British India so that all land may be held directly under the State and receive its aid fully. They are aware of the defects that have crept into the Ryotwari system also, especially of the growth of tenancy-at-will with the evils of rack-renting and eviction of tenants, which could not be practised by the Zamindars on account of Tenancy Acts. Greater security of tenure for tillers of the soil and fixing of fair rents would not only be a measure of justice, but would promote agricultural and co-operative development.

On the question of the reform of the system of taxation of land the planners are of the view that the existing levy is not based on a uniform principle, that it is not even in its incidence, that it does not vary with changes in prices during the period of settlement, that it presses heavily on the petty holder and lets off the bigger ones lightly. They wish to make the basis of assessment uniform, but make the rate vary with changes in prices, to lower the pitch of assessment but raise the rates on higher agricultural incomes on a graduated scale. They do not consider it practicable in the present exigencies of public finance to prescribe any exemption limit at the lower end of incomes on land. These are the lines of reform on which economists are generally agreed.

On the wider issue of the nationalisation of land, which is the most important means of production in this country, and the equitable distribution of holdings among actual tillers of the soil, the authors have nothing to say. The reforms they suggest in land tenure are not likely to reduce gross inequalities in wealth and income, which they deplore. Nor are death duties and similar levies likely to help those in want in the near future.

"The path of gradualness" may be the best way of reconciling the privileged classes to the slow deprivation of some of their privileges; but it is not likely to enthuse the millions of workers who are anxious to secure full employment on a living wage or the right to till the land undisturbed on an income which may be less than a living wage, if only they need call no one their landlord. Whether co-operative farming contemplated by the planners will be an effective substitute or call forth the necessary enthusiasm and effort to achieve the target in agriculture, we cannot say in the absence of any details of the scheme.

SCOPE FOR INDUSTRIAL CO-OPERATIVES IN ANDHRADESA

A Plea for Development

BY

N. SATYANARAYANA

During the course of a short period of a century co-operative movement has made rapid progress in all spheres of activity of human life and has a great future in shaping the destinies of human race as a whole. The movement has spread throughout the civilized world in one form or other and the membership to-day is 150 millions.

The world is proud of capitalistic achievements during the last 8 centuries in scientific advancement, material prosperity, industrial progress and political awakening. But it has developed a soulless civilization culminating only in a heap of ruins. The two European wars are proof positive of the hollowness of the capitalistic civilization and its ideals.

With the invention of atomic bomb, there is no safety for the human race in future to hide their heads in the world unless the mentality of the capitalistic world is entirely changed. So long the end and aim of the capitalistic world is competition and profiteering, war and strife are the inevitable consequences culminating in self destruction. This is not the destiny of the human race. Wiser counsels will prevail. A new era will dawn. Out of this chaos, peace and order will emerge. In the place of profiteering and competition, people will learn the ideals of service and sacrifice. Old order will certainly yield place to the new. Co-operation is the only hope for the future world whether for advancement of agriculture, improvement of industries, or social or political uplift. The motto of co-operation is 'each for all and all for each'. This is the Upanishad ideal also : " आत्मवत्सर्वभूतानि यःपस्यति स्सपस्यति।". This is the gospel of Bible: 'Love thy neighbour as thyself'. This is the Islamic truth also. But in this age of machine, the ideals are forgotton and man has lost his divine heritage and lowered himself to worse than a brute. The two European wars have given a rude shock to the present trends of capitalistic civilization. New links have to be forged for the onward progress of civilization on different lines and ideals.

In the early days of feudalism, landed aristocracy dominated the world and held complete sway over capital and labour. The days of feudalism were given the go bye and capital reigned supreme domineering over the forces of land and labour during the past few centuries. The days of capitalism also are numbered. Now the turn has come for labour to dictate its terms to capitalism and landed aristocracy.

Whatever shape the future may take, co-operation strikes a *via media* and blends the three forces of land, labour and capital to flow into a perennial stream of '*Threeveni Sagara Sangamam*' to resuscitate the present *decaying world*. The three forces of land, labour and capital must be united and kept under democratic control for the service of humanity. This is the goal of co-operation.

In countries where co-operation is spread, capital and labour are brought under the wing of co-operation for improvement of agriculture, for supply of consumers' goods and for social amelioration. In Germany, Denmark and Ireland, the poor agriculturists were rallied under the banner of co-operation and financial help was rendered for improvement of agriculture, for joint purchase of manures, implements and other necessaries of life. Cattle were improved. Better crops were produced. Agricultural produce was marketed without exploitatio by the middle man. Social uplift work was done. All this work was done through peoples' banks for the farmers and tenants of these agricultural countries.

England, Scotland and Finland organised consumers' stores for supplying necessaries of life to the poor labourers. The consumers' co-operative movement has now spread throughout the world and is giving sustenance to thousands of poor families. It has a philosophy of its own. It has taught people to stand on their own legs and produce their requirements by united effort and democratic control.

Russia and China have learnt the lessons of co-operation under the stress of war and built up industrial co-operatives to save the nations from destruction. They have achieved success beyond expectation and won laurels. Even under the enemies firing, industrial co-operatives in China could survive the onslaughts of the enemy and supply their nation's requirements through their well-knit co-operative organisations. The Russian

co-operators produced all the food and raiment required for their nation and for their fighting soldiers through joint cultivation and collective farming on co-operative methods.

India too is not lagging behind in spreading the message of co-operation through the nooks and corners of this sub-continent. India is brought under the ambit of co-operation under the aegies of Government in the early parts of the century. The agriculturists of India are steeped in ignorance and poverty. With a view to relieve the agriculturists of their indebtedness and finance agricultural industry on a large scale, credit co-operative societies were started in this country. The signal achievement on their part is the reduction in the general rate of interest. Now the agriculturist is able to get finance for his agricultural industry through a net work of co-operative credit societies all over India numbering 150,000 with a membership of about a crore and a quarter of people and a working capital of 200 crores of rupees.

Madras Presidency can boast of 15,000 societies with a membership of over 12 lakhs and a working capital of Rs. 25 crores. The war has been a blessing in disguise as regards the development of co-operative movement in this country.

All these years, co-operative credit societies helped for the improvement of agricultural industry. Consumers' movement also has its footing now. In this Presidency, 12,000 consumers' societies were started with 1,200 branches and they are able to supply consumers' goods this year alone to the tune of Rs. 20 crores. On the industrial side, weavers' co-operative societies were organised on a large scale and handloom cloth finds now a good market, giving employment to thousands of weavers. Thousands of small scale industrial societies were started all over India to supply war requirements for soldiers such as cloth for tents, coir, blankets, ropes, ghee and other essential articles required for soldiers.

Andhradesa is not lagging behind in developing co-operative movement in all the districts for the improvement of agricultural industry, the basic occupation of 75 per cent of population of the country. Factories for the manufacture of sugar were organised on co-operative basis in the United Provinces and Central Province. A sugar factory was started at Vuyyuru a decade back in Krishna District but it passed away into the hands of the capitalists owing to disunion and internal jealousys among the members. There is immense scope for developing industrial societies on co-operative basis in Rayalaseema.

Rayalaseema area has great potentialities for developing industrial co-operative societies. It is rich in mineral and forest produce. It is rich in materials which can be converted into finished articles (products). Several suggestions were made in Farming Committee Report, published in 1938, for organising co-operative industrial societies, both for large scale and cottage industries to utilise the raw products which are abundantly available in the area. In para 5 of the Report it is stated that it is the considered opinion of the Committee that small scale industries both as regards production and marketing may be organised under the auspices of co-operative movement. Though the Report was published 6 years back co-operators have not yet utilised the movement for industrial prosperity of the area, nor has the Government gave any drive or taken any initiative in this respect.

Cotton is grown in a million acres and 29 thousand tons of raw cotton is exported by rail, annually, from this area. There is immense scope for organising cotton mills at Bellary, Tadpatri, Guntakal and Nandyal on co-operative basis. Usually, 1,500 men are required for working a mill. Rs. 25 lakhs of initial capital is required. If one crore of rupees capital is invested through co-operative efforts, the mills can give employment to a large number of unemployed labourers, in this area, who are now migrating to Bombay and other industrial areas. There are now small ginning factories nearly, 25 in this area. All these factories are now managed by profiteering middle men. Model co-operative ginning factories can be started which require not less than a lakh of rupees each. There are thousands of spinners still engaged in spinning and supplying yarn to thousands of weavers. There are 14 thousand handlooms in Bellary and Anantapur districts alone. They are now depending upon imported yarn. The entire cotton produced in this area can be converted into yarn either by spinning-wheels or by mills and can be supplied to the weavers. Hand spinning is now self-supporting. If this cottage industry is properly encouraged by organising co-operative societies in groups of villages, there is great hope of reviving this cottage industry which can give employment to thousands of famine-striken workers.

Another raw material which is abundantly produced in this area is groundnut. In one million two hundred acres groundnut is cultivated. Several factories are working in decorticating groundnut and extracting oil. Just like ginning cotton mills, groundnut oil mills on co-operative basis can be started. Scented oils can be prepared. There is immense scope for utilising this groundnut cake for cattle food and manures and this oil can be converted into vegetable ghee which is widely used by public now. This can be done as cottage industry on co-operative basis. Another important material which is largely available is castor seed which is grown in another one million acres in this area. It represents 48 per cent of the output of the whole Province. Seri-culture, *i.e.*, the culture of silk-worm that feeds on castor seed has immense scope for development in Ceded Districts. This is another cottage industry which can be organised on co-operative basis. China has made a great headway in developing this industry on co-operative basis.

There is great scope for developing tanning industry in this area, as raw material is available in great quantities. There is a shrub called *Thangedu* which has a wild growth in this area. The bark of this shrub is used in tanning industry. There are thousands of indigenous tanners in this district. Shoe factories can be organised on co-operative basis in important centres where skin and hides are easily available.

Glass bangles industry flourished extensively in many villages as a cottage industry. This is neglected now. There is immense possibility of reviving this industry by establishing a glass factory in Anantapur district on co-operative basis, making use of cilica from Pennar River.

Kurnool district is famous for manufacturing slates. It is now worked on a cottage industry basis finding employment for a number of workers. These workers are now exploited by capitalists. If the Forest Department supplys suitable wood at a special rate from the Government Reserves in Cuddapah and Kurnool districts, co-operative slate factories can be developed in half a dozen centres in each of these districts. Cuddapah is famous for its slabs. Slab factories have a great future as suppliers of building material. This industry is now in the hands of capitalists. Co-operators have to step in and the co-operative movement can help a great deal in financing slab workers who are now working as mercenaries under capitalists, without proper remuneration. If this industry is brought under the wing of co-operation, it can give employment to thousands of workers.

Just as Rayalaseema, comprising half of Andhra, is rich in forest and mineral wealth, Circars, the other half of Andhradesa, is rich in agricultural and dairy products. These districts have been enjoying irrigational facilities for nearly a century by the construction of anicuts over the rivers Godavary, Krishna and Penna. Perinnial supply of water is ensured for raising food and garden crops over nearly 20 million acres of irrigated land which is giving sustenance to over a crore of people living crowded in this area. Ninety per cent of the people live in villages and agriculture is the main industry and occupation for 80 per cent of the population. Agricultural industry has been all along a deficit economy but after the war *it has become a surplus economy.** The development of co-operative credit movement during these 40 years has indeed helped a great deal for financing agricultural industry of the small farmer. But to improve the agricultural industry on a vast scale and make it self-supporting and remunerative, improved methods of agriculture have to be adopted. There are several impediments in the way. Cumbersome land tennure system, fragmentation of holdings, heavy taxation, poverty of agriculturists and illiteracy in the general mass of cultivators are among the several handicaps for development of agriculture on modern and scientific lines. There is immense scope for developing agricultural industry on co-operative lines to eradicate the above evils and make the land more fruitful and useful so as to support a larger population.

* A superficially temporary phase—*Editor*.

Land, Labour and Capital must be organised under the wing of co-operation without being exploited either by capitalist or by landed aristocrat or by combined forces of labour. There are thousands of landless labourers unorganised and exploited. The aim of co-operation is to organise this unorganised labour.

Co-operative peoples' banks have created, during the half century, confidence among the investing public, and crores of money is attracted to the movement. This financial strength must be put to proper use by organising agricultural industry with the help of millions of unorganised landless labourers who are now on the lowest rung of the economic ladder.

Nationalisation of land need not be attempted to now in a revolutionary manner. Just as capital is attracted to the peoples' banks so also land has to be acquired by these banks from absentee landlords on long term leases at a fixed equitable rental. Landless agricultural labourers must be allowed to cultivate these lands under the management of the co-operative farmers' associations with the financial help rendered by the banks so that the labourers may enjoy the fruits of their labour paying the rental. The agricultural expenses may be advanced by the banks. Dairy industry can be improved along with agricultural industry in the same manner. Agricultural industry alone cannot give employment to all of the labourers all the year round. Cottage industries have to be developed. Facilities for cottage industries have to be created. All this work can be done by co-operative effort. Co-operators of Andhradesa have to utilise these natural resources and organise agricultural and dairy industries on a large scale and improve the agricultural wealth of the country on co-operative lines.

Just as co-operative factories can be developed in Rayalaseema for using forest and mineral products, agricultural and dairy products of the Circars can be made use of for developing rice mills and dairy factories and give employment to thousands of workers now unemployed.

Sugarcane gardens are grown in large areas in the deltaic districts of Andhradesa. Sugar factories are now developed by profiteering middle men in Vizag, East Godavary and Krishna districts. These factories can be developed on co-operative lines to give just price to the sugarcane growers and the factories may be managed by the sugarcane growers themselves so that the cultivator may be the producer, the manufacturer and the consumer.

So also rice factories can be organised for the benefit of cultivators by the agriculturists themselves on co-operative lines so that the miller may not exploit the producer. There are thousands of batavia and mango gardens in this area. Fruit factories can be organised on co-operative basis and fruits can be preserved and decent prices may be given to these fruit growers.

Agricultural co-operation will pave the way for industrial co-operation. Whether it is improvement of agriculture or expansion of industry, co-operation alone can give equitable distribution of wealth to the general mass of people when it is democratically organised.

CO-OPERATIVES AND OFFICIAL INTERFERENCE

BY

V. P. VARDE, B. COM.

Chairman, Saraswat Co-operative, Bank, Bombay.

The co-operative movement is essentially democratic and voluntary organisation of members to improve their social and economic well-being. It can only prosper and succeed when the initiative, supervision, guidance and control rest with the popular workers. Whatever justification there might have been to vest the control in official agencies when the movement was first introduced, a period of 40 years is more than sufficient for the movement to be deofficialised. If the sponsors of the movement are even today afraid and believe that the movement will collapse but for the official control; either it should cease to be called a co-operative movement or be allowed to collapse.

It may be argued, and it is argued in some quarters, that when the popular ministries take charge of the Co-operative Department, the cry of deofficialisation will be mere academic and will lose all practical importance. I beg to differ from this view. What will happen is that the Co-operative Departmcht will no doubt come under popular control but that is not the same as to say that the movement is deofficialised.

In a true co-operative society which is said to be based on principles of self-help and self-reliance, the members of the society must have complete rights to supervise, guide and control the management free from any outside control and interference. There are thousands of associations—registered as well as unregistered—working satisfactorily without Government control or interference, for the uplift of the community in social, educational, medical, charitable and other spheres and handling large funds, and one fails to understand why the same persons cannot manage co-operative society without Government control.

If any outside guidance is found to be necessary, societies may group themselves into an association or a federation of their own. The members must have the right to make mistakes and improve their society or allow it to go down. It need not be kept up by official props. Then only the movement would be a live organisation.

Today members generally do not take any keen interest in the management of their society—rural for urban. They do not exercise the natural and necessary vigilance over the affairs of their society but expect the Registrar and his assistants to do their work. For any grievance, big or small, they look to the Registrar to redress it. The general belief even now is that the movement is *Sarkari* and *Sahakari* and that Government is supervising and controlling every society.

This leads to the apathy of members and gives false sense of security to the public.

I say false sense of security advisedly for when things go wrong in a society, Government disclaims all responsibility to the creditors notwithstanding the fact that there was Government control and interference at every stage. The by-laws are forced on the societies; rules of day to day business are to be approved by the Registrar; the terms and conditions of the staff are required to be approved by the Registrar; and in some cases the chief executive officers are approved by Government or the services of Government Officers are lent for the purpose. Among the members on the board are either Government Officials or persons approved by the Registrar. Societies and even banks are classified A, B, C & D. In spite of these restrictions, controls and certificates of good management when things go wrong, will it be proper and fair on the part of Government to disclaim all responsibility and liability to the creditors?

The movement has long ceased to be a simple credit organisation. It has undertaken many complicated and many-sided economic activities, which the Departmental Officers, however competent they may be, can ill afford to guide. It is, therefore, suggested that (1) the Act should be so amended that the responsibility of running a society on sound lines be thrown on the members and the management elected by them care being taken to see that the wrong doer by way of infringment of the provisions of the Act is brought speedily to book; and (2) the entire supervision and guidance of the movement should be handed over to a non-official body like the Provincial Co-operative Institute, care being taken to see that whatever public funds are kept at its disposal are used to the satisfaction of Government and the tax-payer.

The present Co-operative Societies Act is unsuitable for the various types of societies. I would, therefore, suggest that there should be three separate pieces of legislation, namely (1) an Act on the lines of the Reserve Bank of India Act to define closely the functions, duties, management etc. of the central financing agencies; (2) an Act governing all types of urban societies on the lines of the Industrial and Provident Societies Act in the United Kingdom; and (3) an Act for all types of rural societies.

A co-operative society is after all an organisation for carrying out an economic activity more or less on the same lines as those of a joint-stock company organisation with the difference that the former has got democratic method of management and has equitable distribution of surplus as its basis. The Act should, therefore, provide a section, which is found in the Industrial and Provident Societies Act in the United Kingdom, to the effect that a society can, by a requisite majority, convert itself into a joint-stock company and *vice versa.*

In fact, such a provision had been made in the draft bill regarding the Bombay Co-operative Societies Act; but it was dropped at the instance of the Select Committee. Since then the workers in the movement have been profited by 20 years' experience. We have been also looking forward to greater industrial activity in the country. In the circumstances, it would be worth while to insert such a provision in the Act so that if a society, after expanding its activities, finds that it cannot grow further on a co-operative basis, it should be possible for it to change over to a joint-stock company organisation without much difficulty.

It is admitted that if the State is to have an active policy of planning, it will not do merely to provide legislation for the regulation of the movement and wait for the spontaneous development of co-operative activities. This work should be entrusted to a non-official body like the Provincial Co-operative Institute and not to the Government Department. My emphasis is on the point that the initiative, supervision, guidance and control of the movement must vest in non-official workers. A Government Department even under a popular minister cannot inspire enthusiasm and confidence that is required for the success of a true co-operative movement. Whatever funds the Government desire to spend on the movement should be kept at the disposal of the Institute or a Representative Co-operative Board, necessary care being taken to see that the public funds are put to the best use and to the satisfaction of the Government and the general tax-payer. The Institute would then maintain a well-qualified and adequate staff to do the work which is expected to be done by the Department in a better way. It is common experience that any work through a Government Department means delay and red-tape, even in small matters. The attitude of a Government Officer is usually how to turn down a proposal rather than how to overcome the obvious difficulties and make it possible. Even a minor amendment to a by-law will not be approved without much correspondence and loss of time. Co-operative movement to work on business lines must therefore be free from official control and only subject to the requirements of law, which may be made as stringent as required to safeguard the interests of the public. The Registrar should be an officer registering societies and filing documents as required under the Act, as in the case of Registrar of the Joint-Stock Companies and Societies registered under Act XXI of 1860.

THE CO-OPERATIVE MOVEMENT IN THE CENTRAL PROVINCES AND BERAR

(Brief review of the working of the co-operative movement for the co-operative year ending 30th June 1944)

By

G. C. Mukhtyar, M.A.,

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Primary Societies:—Cash recoveries of loans due by all societies both working and under liquidation to central banks rose from Rs. 19.53 to Rs. 24.55 lakhs. The percentage of recoveries to the demand for the year was 35 as against 20.8 for the preceding year. Cash advances also recorded an increase from Rs. 11.82 to Rs. 18.92 lakhs mainly due to the organisation of new societies and revival of a few old societies. The amount of loans outstanding against members of all primary societies declined from Rs. 50.66 to Rs. 47.75 lakhs in the Central Provinces and from Rs. 41.72 to Rs. 30.03 lakhs in Berar. Taking overdues and renewals together the arrears decreased from Rs. 68.38 to Rs. 49.73 lakhs. The percentage of these arrears to the total loan outstanding was 55.8 in the Central Provinces and 77.9 in Berar. This position has considerably improved during the year 1944-45.

The total number of primary credit societies increased from 4,762 to 4,997, but the membership showed a decline from 50,879 to 50,380 in the Central Provinces and an increase from 9,130 to 10,526 in Berar. The number of societies under liquidation decreased from 1,359 to 1,249 with an outstanding loan of Rs. 30.88 lakhs.

Central Banks:—There was an all-round decrease in the working capital, share capital, reserve fund and other funds, bad and doubtful assets, loans outstanding against societies and deposits from individuals. Though some central banks received large amounts of deposits the position of the banks in the aggregate did not improve because 14 banks continued to be under section 42-B and could not accept deposits. Out of 35 banks, 16 declared dividend and 19 including 14 under section 42-B could not do so as their profits were not realised in cash or were earmarked for distribution to creditors.

Land Mortgage Banks:—They advanced to their borrowers Rs. 1.88 lakhs and recovered Rs. 3.19 lakhs which included recovery of advance instalments to the extent of Rs. 82,876 and full loans to the extent of Rs. 80,845. The balance of loan outstanding at the close of the year was Rs. 11.92 lakhs. Overdues showed a decrease from Rs. 1,25,162 to Rs. 46,686.

Provincial Bank:—The business of the Provincial Bank with co-operative institutions decreased from Rs. 18.75 to Rs. 13.98 lakhs. Fixed and savings

deposits with it showed an increase. It made a very rapid progress in its urban banking business through its pay offices and advanced in all Rs. 113.22 lakhs. It discounted clean bills for Rs. 110.78 lakhs and documentary bills for Rs. 38 lakhs. It made a gross profit of Rs. 1.40 lakhs and a net profit of Rs. 36,435. It also financed non-credit societies in the Province which could not be financed by local central banks to the extent of Rs. 1.33 lakhs and also continued to be the apex institution for all land mortgage banks.

Societies of Salary-Earners, and Others:—They rose from 63 to 66 but suffered a further set back as their members who were in receipt of fixed salaries were adversely affected by the high cost of living. Overdues in these societies increased from Rs. 75,568 to Rs. 1,50,034. The number of societies of sweepers and chamars and stray weavers was 128 at the end of the year. Overdues in them decreased from Rs. 35,066 to Rs. 31,541.

Non-Credit Societies:—There was a rapid increase in this class of societies from 266 to 335. They consisted of (1) 70 agricultural associations, (2) 18 seed unions, (3) 5 adat shops, (4) 85 consumers' stores, (5) 7 dairies, (6) 15 housing societies, (7) 14 industrial associations, (8) 26 thrift societies, (9) 6 education societies, (10) 17 better living societies. (11) 1 village development society, (12) 3 cattle breeding societies, (13) 4 general purposes societies, (14) 36 multi-purpose societies, (15) 14 stores for school boys and (16) 14 societies of weavers. Of these the most important are:—

(1) Agricultural Associations,
(2) Consumers' Stores,
(3) Multi-purpose Societies,
(4) Dairies,
(5) Housing Societies, and
(6) Industrial Associations.

(1) *Agricultural Associations*:—Total Number 70: Membership 5,283: Sales Rs. 5.99 lakhs: Profits Rs. 40,550. The growers' associations at Balaghat, Raipur and Bilaspur worked efficiently as procurement agents to Government and the agricultural association at Amraoti did splendid work in collecting and supplying tur dal to the Triplicane Co-operative Store at Madras. The total value of food grains purchased for Government was about Rs. 14 lakhs. The growers' association at Malkapur worked as a central agency for the supply of consumers' goods to the people in the interior of Malkapur Taluq through a network of rural stores. Most of the agricultural associations took part in the working of the Government scheme of distribution of iron and steel to agriculturists.

(2) *Consumers' Stores*:—Total No. 85 of which 38 worked in Nagpur City proper as ration shops: Membership 13,405: Sales Rs. 87 lakhs: and Profits Rs. 51,329.

(3) *Multi-purpose Societies*:—Total No. 36 : Membership 3,965 : Sales Rs. 3.66 lakhs : Profits Rs. 5,991, They dealt mostly in controlled articles.

(4) *Dairies*:—Three more dairies were started at Nagpur, Betul and Khamgaon. Total No. 7 : Membership 119 : Sales Rs. 87,653: Profits Rs. 16,558. After the close of the year a central milk producers' union was established at Nagpur to supply cattle feeds and concentrates to its members and affiliated societies.

(5) *Housing Societies*:—Total No. 15 of which the most important is the Premier Co-operative Housing Society, Ltd., Nagpur. Its membership was 572, loans outstanding against members amounted to Rs. 3.24 lakhs and the net profit was Rs. 10,156. This society is being developed into a provincial housing society for supplying long term finance and technical advice to affiliated societies outside Nagpur and its suburbs and catering to the needs of its individual members only at Nagpur.

(6) *Industrial Associations*:—Total No. 14: Of these the most important are the C. P. & Berar Weavers' Co-operative Society, Ltd., Nagpur, The Women's Co-operative Home Industries, Ltd., Nagpur, and the Jhallar Ghee Producers' Union, Ltd., Jhallar in the Betul district. The C. P. & Berar Weavers' Society supplied yarn and other materials to individual members and affiliated societies and purchased finished products from individual members which it sold through a specially appointed selling agent. Its purchases amounted in value to Rs. 66,440 and sales of finished products to Rs. 1,98,910. It supplied yarn worth Rs. 64,592 to affiliated primary societies for the first time in its history and made a profit of Rs. 12,948.

To sum up, recoveries improved and the outstanding volume of business of credit societies of agriculturists showed a further decline. The credit societies of non-agriculturists, especially those of men with fixed salaries did not fare better with the high cost of living continuing and the consequent reduction in the repaying capacity of members. The year witnessed new and unbounded enthusiasm amongst people for the voluntary establishment of non-credit or trading societies. The existing organisations of this type took advantage of the favourable times and increased their trading activities. Some of the agricultural or growers' associations with their affiliated village stores of multi-purpose societies served well the needs of a fairly large section of rural population in respect of scarce commodities and the urban stores successfully met similar requirements of a larger section of urban population. The Laxmi Stores at Damoh in northern Central Provinces purchased a truck and made its own transport arrangements and the Balaghat Growers' Association decided to have a rice mill of its own for converting the paddy of its members into rice. The mill has recently started work at Lalburra. This is the first instance of an agricultural association undertaking to do the processing of the agricultural produce of its members. Other associations are likely to follow suit. The expansion of the non-credit activities has been thus very rapid and many societies have not been registered only to avoid too fast an expansion. All these societies are developing their business in such a way as to be able to continue after the war. Besides dealing in controlled articles they deal in non-controlled articles and undertake as many new functions as are possible to them under their by-laws. This co-operative trading movement is sure to show much greater progress in future when post-war schemes are worked out.

THE MILITARY CO-OPERATIVE TRAINING CLASS, GURDASPUR

BY

MOHAMMAD BAQIR, B. A.,

Educational Inspector, Co-operative Societies, The Punjab.

It forms an important item of the post-war reconstruction programme of the Punjab Government to thoroughly acquaint the demobilised Punjabi soldiers and other military men with the activities of the Beneficent Departments of the Province. This would make them better fitted to derive full benefit from the services being rendered by these Deparments and would, in turn, facilitate to a very large extent the deep and direct contact of these Departments with the masses. In such ex-military men, who have received sufficient instructions about the beneficent activities of these Departments and imbibed the spirit of social service as a result of such training, the officers and workers in the Co-operative, Veterinary and Agricultural services must find willing co-operators and natural pioneers for that difficult task and uphill struggle of the rural uplift.

With this end in view, the Punjab Government has started several training classes to impart instruction to the Army Officers of different ranks about the working of the co-operative movement in the country.

One of such classes has been started at Gurdaspur, the well-known training centre of the Co-operative Department, since 1st July, 1945. The class is to last upto the end of December, 1945. The syllabus prescribed for those who are attending this class is very elaborate and expected to bring their standard of knowledge of the co-operative movement almost to the level of the Inspectors of the co-operative societies in the Punjab. It has been divided into three parts. The first part deals with the essentials of economics, principles on which the co-operative movement is based and some important economic problems of the rural masses falling under the head of rural economics. The second part relates to the Law of Co-operation. Under this the All-India Co-operative Act is to be explained in detail and a brief description of some relevant pieces of Civil, Criminal and Debt Legislation is also to be given. The last part comprises of the actual methods of the maintenance of the accounts and the business of the co-operative societies in the Province *i.e.*, the practices of the societies.

At present 25 trainees are undergoing the course. About one third of them are Viceroy's Commissioned Officers and the rest Non-Commissioned Officers. As for their educational qualifications, two are graduates, a few under-graduates or educated upto the intermediate standard and a majority of the rest only matriculates while a few are even under-matrics having passed only Indian Army Examination. The medium of instruction is English. High standard, along with this foreign language having been made the medium of instruction, has rendered a large number of these students unfit to attend the class and steps are being taken to weed them out. The remaining trainees are expected to gain sufficient knowledge through the teachings being imparted to them. And there is every hope that those who emerge successful from the final examination would make suitable instructors for the demobilised soldiers that being the ultimate object of the class.

A series of such training classes will take place one after the other with an interval of six months during the coming three years. These should suffice to produce a large number of trained and intelligent instructors for the returning army-men. There can be no denying the fact that this step of the Government taken in connection with the post-war reconstruction is very welcome and bound to be of immense utility to the rural Punjab in the long run.

REVIEWS

"ECONOMIC DEVELOPMENT IN S. E. EUROPE"—*Published by P.E.P.*

The countries lying in South-eastern Europe have many points of similarity with India. A study of economic conditions in that portion of the world has, therefore, particular interest for us in India. The book under review is published by the Oxford University Press on behalf of Political and Economic Planning (P.E.P.), an independent and non-party organization in England, which interests itself in the study of various political and economic problems. The countries covered by the survey are: Poland, Czechoslovakia, Austria, Hungary, Roumania, Yugoslavia, Bulgaria and Greece. Of these, only Austria and Czechoslovakia had before the War a progressive economy. With the exception of these two and Greece, the percentage of the population dependent on agriculture as the main source of livelihood was more than 50. In all of these there was excessive splitt-

ing up of holdings, as in India. The "dwarf" holdings in the bulk of the area cannot, it is noted, use or for that matter afford anything but the most rudimentary equipment. In almost all the countries, the area under cereals occupies the bulk of the area under cultivation and yet in most of the countries the production is on such a low scale that not sufficient is produced to reach even an intermediate nutrition standard as prescribed by nutrition authorities.

The study is confined to a general description of economic conditions and sets forth a number of suggestions for improvement. It is explained, at the outset, that the study does not discuss the important question of co-operative organizations, though their value especially in the rural regions could hardly be over-estimated. All the same interspersed throughout the book there are references to the development of various forms of co-operation in the different countries. It is in the sphere of marketing that co-operation appeared, before the War, to have made fair progress in a majority of these countries, although numerically the credit societies also constitute an important group. The following tables are of interest as showing the progress in various countries:

Number of Societies

	Credit.	Supply and Sale.	Specialised Marketing.	Dairies	Consumers
Poland ...	3,736	3,573	1,603	1,560	1,976
Czechoslovakia ...	6,080	1,475	1,104	500	816
Austria ...	1,839	143	1,520	NA.	222
Hungary ...	1,008	1,482	958	947	3
Roumania ...	4,638	1,699	207	...	106
Yugoslavia ...	4,283	2,183	1,021	200	138
Bulgaria ...	1,899	1,524	116	38	154
Greece ...	4,327	758	863	77	NA.

Number of Members

	Credit.	Supply & Sale.	Specialised Marketing.	Dairies.	Consumers.
Poland ...	8,16,007	4,37,886	6,44,715	6,42,118	3,73,516
Czechoslovakia ...	14,40,284	3,33,597	1,52,788	89,786	8,05,544
Austria ...	3,15,635	NA.	NA.	NA.	2,63,000
Hungary ...	4,21,507	6,36,000	1,10,462	1,10,462	1,27,428
Roumania ...	9,05,420	1,98.830	20,377	...	29,063
Yugoslavia ...	4,14,645	1,97,717	36,222	17,081	86,988
Bulgaria ...	2,16,538	1,75,808	26,448	2,989	84,544
Greece ...	1,93,901	18,101	38,888	843	NA.

N. A. = Not available.

In Hungary the co-operative organization was utilized for operating the system of State monopolies, for regulating the export of grains, butter and lard and the export as well as the internal marketing of home grown wool. A special organization for similar purposes seemed to have been developed in Yugoslavia to the capital of which contributions were made by the State, by co-operative societies and by private traders. The monopoly for trading in grain in Czechoslovakia was controlled by a company to the capital of which agricultural co-operatives contributed to the extent of 40 per cent and consumers' co-operatives of 20 per cent. The development of marketing is indeed a creditable performance when it is remembered that production in these countries is on a small scale and that the bulk of the produce that is raised is either used by the producers and those dependent on them for consumption or is sold direct either to local dealers or to consumers. The latter as in India, was the case particularly with vegetables, fruits and other perishable food. The general conclusion of the authors of the study seems to be that for the organization of the trade in milk and milk products co-operative distribution offers important advantages. With regard to the spread between the prices for producers' and consumers' there is reference to an investigation conducted by the Czechoslovak Statistical Office which showed that prices at the consumers' co-operative societies were on an average 5.1 per cent. below those in other retail societies. State aid to credit societies was a feature of the movement in Roumania, Yugoslavia and Greece. Apart from these forms of co-operation there is reference to the growing volume of co-operative building in Czechoslovakia, Poland and Bulgaria.

Another aspect of economic life which corresponds to conditions in India is the place occupied by subsidiary occupations and handi-crafts in rural life, the decay of which has aggravated the distress of the small farmer. In the lowest income group in Czechoslovakia and Austria, the proportion of persons gainfully employed in handi-crafts is two-thirds of the total number employed in all industrial occupations. Rural handicrafts and cottage industries fulfil essential functions as suppliers of goods in areas with poor communications. Besides they generally require little capital and often provide an important secondary source of income for the agriculturists The authors of the Study observe that as long as no alternative employment can be provided for the man-power engaged in these occupations, every attempt should be made to increase the productivity of handi-crafts by improving labour conditions, organizing the supplies of raw materials, providing suitable credit facilities and improving marketing arrangements.

—V.L.M.

EXTRACTS

NEW COLLEGE PURCHASED

The acquisition of stanford Hall, Lough-borough, as the new centre for the Co-operative College, has been received with warm approval throughout the length and breadth of the Movement.

Jubilee Gesture

Last year the Co-operative College celebrated its Silver Jubilee, and it was decided as a suitable manner of marking the occasion to issue an appeal to co-operative societies for funds to establish a permanent home for the Co-operative College. The response to the appeal has been good. Within a year £ 154,000 had been promised towards the target figure of £ 250,000. Various schemes were put before societies for contributing to the fund and many have adopted the plan of covenanting to contribute on the basis of one penny per member during the next seven years.

Original plans visualised the building of a new College. Once it was seen that societies were ready to support the College financially it became clear that an early start could be made with the project. However, building trade conditions and Government control of building would have prevented a new college being erected for many years.

Chance of an Early Start

In view of the circumstances, when it became known that Stanford Hall was procurable the prospects of purchasing it as the new home of the college were attractive. Its acquisition meant that post-war co-operative education would enjoy the advantages of an early start. The hall was situated at a convenient point on the main railroad between London and the North. It had attractive amenities and was in an excellent state of repair.

Stanford Hall was built in 1774. It is a large building and no one apparently has tried to count all the rooms, so numerous are they. The reception rooms, hall and lounges are spacious and airy and some of them have been modernised. The 300 acres of parkland gives the manor a delightful setting. The hall carries with it the title to the lordship of the Manor of Standford-on-Soar. It was built for the Dashwood family, who were the premier baronets of England.

Many additions were made to the Hall under the ownership of Sir Julien Cahn, the cricket enthusiast......

Recreational Facilities

The recreational facilities are superb and the hall has its own fish pond, swimming and boating pools, tennis courts, cricket pitch and sea lion aquarium. Indoors there are the badminton court and billiards rooms.

Some Servicemen are at present guests at Stanford Hall convalescing, and the wife of the former owner will remain at the Hall until the end of the European war.

The purchase price of the property is stated to be in the region of £ 54,000 and the up-keep will be over £ 6,000 a year.

Movement's Responsibility

The acquisition of Stanford Hall is a bold move. It gives the movement a valuable centre for its education activities, which may well be the envy of other educational movements. In fact the physical attraction of Stanford Hall in many directions outstrip the amenities of some universities. It is to be hoped that societies in the years which lie ahead give their full support to the college in its new surroundings.

—*The Co-operative Review*, Manchester, April 1945.

DANGER AHEAD—ARE CO-OPERATORS PREPARED ?

Ultimate Goal

Whilst these questions of co-operative trade and organization are vital to our continued progress, co-operators should, however, pause and ask themselves where they are heading. What is our goal ? Are we aiming merely to build a still larger and more powerful financial and trading machine which is becoming increasingly concerned with distributing goods, many lines produced non-co-operatively for private gain ?

Are we satisfied to see our efforts actively fostering the interests of "private enterprise" instead of loyally striving to extend co-operative production ?

In our modern commercial efficiency we must not lose sight of our basic ideals.

We profess faith in Consumers' Co-operation as a practical system of economy by which we hope to raise the standard of life for all mankind.

We believe that production for individual profit is anti-social, and must ultimately lead to insecurity and want.

We claim that the co-operative way of life is the one and only means of creating lasting peace and economic plenty for all mankind.

But are these precepts carried out in practice by every trading unit throughout the Movement ?

Is our whole attitude towards our day-to-day business based on the ethical principles of the Rochdale Pioneers and do we co-operate in the spirit of our simple founders ?

So far as we fail in this, our true purpose, so far shall we fall short of our ultimate objective.

Co-operators cannot be too often reminded that the Co-operative Movement is not merely an efficient business system for the amassing of wealth—even if such wealth is collectively owned by members. Material possessions are not the end of Co-operation but only the beginning, the foundation of a fuller and happier life for all.

Our true aim is not collective business for its own sake, but production and distribution for the economic and social welfare of the common people, under their own democratic control.

As members, and as employees of the Co-operative Movement, we have a great heritage and a high purpose. Our duty is not only to safeguard but to enhance that heritage. Upon us will depend very largely the part that Co-operation will play in the transformation of a war-devastated world into a peaceful Society in which every man, woman and child has the right to a full and happy life.

Momentous Opportunities.

Amidst the ever-growing problems of an uncertain and dangerous future, we must be prepared to shoulder heavy responsibilities.

Every member, employee, and official of the Movement cultivating an enlightened consciousness of co-operative principles, must put those principles into practice in their individual lives and collectively through their own societies.

To-day the Co-operative Movement is approaching its greatest trial and its most momentous opportunity. It must not fail.

—*The Co-operative Review*, Manchester, April 1945.

POST-WAR CONSTRUCTION AND ECONOMIC PLANNING

No word in the present age has attained such a world-wide significance as 'Planning' '........It was Schlephen, an officer in the German army, who is known to be the father of the idea of Planning. The famous Schlephen plan named after him, showed to the world wonderful potentialities of achieving tangible results in effecting improvements through the method of planning. German army as a result of planned organisation reached the highest water-mark in efficiency and thoroughness, which made it the envy of the world. German 'thoroughness' has a significance all its own. Though 'Planning' had its birth in the German army, the credit of demonstrating the wonderful potentialities of planning in organising and developing a whole country goes to Russia. The world was astounded by the phenomenal success attending the first 'Five year Plan' in Russia. Since then, Planning has become the watch-word of the nations of the earth for effecting national development and improving the life of the society in all sectors. Planning therefore takes into consideration all aspects of a problem and its objectives to draw up a practical programme and a graduated method of implementing it in order to achieve definite results in a scheduled period.

'Post-War Reconstruction' is a world-wide movement aiming primarily at the economic rehabilitation of the society to effect the recovery of the world from the ruinous effects of the present war. The present world-war has bled both the victors and the vanquished white and dis-integrated the economic life of the world to such an extent that a determined effort at rehabilitation is urgently called for, in order to overcome the effects of depression that will follow the cessation of hostilities. This anxiety of the future, more than any thing else, has given birth to the post-war reconstruction movement and every country is anxiously planning for its future existence in its own interest.........

The future social order aims at providing essential minimum needs of all human beings and improving their living conditions. The essential five requirements of life are wholesome and nutritious food, sufficient clothing, housing, health and education. The post-war planning should aim at providing these amenities of life to the common-man and here is the place for planning on a nation-wide scale.........

To take food problem first, it has been found on authoritative investigation that if all people are to be provided with equal amount of wholesome and nourishing food, the world only produces 2/3 of the food-stuff to feed its people. There is deficit of 1/3 of food requirement in the world for the consumption of its population. It need not be inferred thereby that the food production resources of the world are exhausted and more food, cannot be produced. If earnest attempts are made with the help of modern and scientific methods of cultivation, surely, the food requirement can be adequately met with. The present deficit to meet the demand of balanced diet of the world population is mostly due to the absence of social consciousness on the part of the society and the administrative authorities to hold themselves responsible to feed the population adequately and to increase food-production to that end. Ways and means can only be discovered and put into operation, when social purpose for which they are to be adopted has been conceived.

Coming to the food problem of India, if nourishing food is to be provided to the entire population of 389 million people at the calculated rate of Rs. 65 per head per year, the annual aggregate expenditure on food account alone comes to Rs. 2,100 crores. *These calculations* being based on pre-war level of prices, the national expenditure on food at the present rate of price level should go as high as Rs. 6,300 crores. Our national income in pre-war days was calculated at Rs. 2,200 crores. And it is open to reason that a country with its national income at Rs. 2,200 crores can ever afford to spend Rs. 2,100 crores on food budget alone.

The actual production of food quantity falls short of food-stuff required for the consumption of the population. If food-stuff is adequately distributed to feed the people, it is estimated five crores of people should go without food. Ours is a country where no statistics are available regarding actual production of food in the country and our weakness on this score was only brought home to us when imports of food-grains were abruptly stopped from Burma, Malaya and Australia, due to special exigencies or unfavourable turn taken by the war. The gravity of the situation was only revealed by the recent food-famine in Bengal which shocked the conscience of the world and took a heavy toll of 40 lakhs of souls. If nothing else, the Bengal tragedy has stirred the Government and the public conscience at large to realise the gravity of this weak spot in our national economy and devise ways and means to increase food production in the country.

Next to food is cloth requirement. Here again our standard in cloth requirement at 30 yards per head per annum fixed by the National Planning Committee is very poor, when compared with per capita consumption in more advanced countries of the world. As against 30 yards of cloth fixed for our people, consumption per head in America stands at 64 yards. India is not self-supporting in its cloth requirement and large stocks are imported from foreign countries. At the cheapest pre-war rate of cloth the nation is required to spend another sum of Rs. 255 crores to meet its cloth requirement.

With regard to housing 100 square feet of housing accommodation per head is the minimum fixed for comfortable dwelling of an individual. At this rate an average family of 5 persons needs 500 square feet for its dwelling purposes. An annual national expenditure on housing is estimated at Rs. 260 crores in order to provide modern and sanitary housing facility to the nation in the course of next 15 years.

Health conditions in India are deplorable to the extreme. The health standard of a nation is determined by the average expectation of life of its people and the rate of infantile mortality. Whereas an average expectation of life in U. S. A. and the United Kingdom ranges from 60 to 64 years, the average longevity in India is only 26 years and it leads the world in infantile mortality.

Then, normally every village should be provided with a dispensary and a nursing staff, which taking into consideration the present low level of medical facilities obtaining in our country appears to be a fantastic dream. There ought to be a doctor after every 2,000 population and a nurse or a midwife after every one thousand persons. If this minimum medical facility is to be provided for all the people in the country a yearly sum of Rs. 190 crores will be needed.

If we take up statistics on education things are appalling. The latest figure for literacy in India is 12 per cent as against 100 per cent literacy attained by some of the advanced countries of the world. Per capita expenditure on education in our country is as low as annas 7 as compared to Rs. 32 per head being spent on education in England. According to Sargent Scheme of Education now in the field, India should be prepared to spend Rs. 300 crores to reach the stage of compulsory primary and adult education. The poverty and non-taxable capacity of the general population as also dearth of qualified teaching staff for this huge undertaking are mentioned to be the two causes of slow progress if education is to proceed along the pace marked-out by Mr. Sargent in his scheme, India should wait for another 40 to 50 years to reach the stage of compulsory education to all its children.

General economic index or per capita income of our people shows extreme poverty that is stalking in the land. Our annual per capita income stands as low as Rs. 65 as compared with Rs. 960 in the case of England and Rs. 1,406 in the case of the United States of America. An average man in America earns 20 to 25 times more than what an Indian gets. How to increase the national and per capita income is what is engaging the best brains of the country. The National Planning Committee having investigated the problem has come to the conclusion that the National income of the country should be trebled within 10 to 15 years and it is only possible through planned development of country's resources.

The economic planning deals with production, consumption and distribution of national resources. Taking first the question of production the national income which stood at Rs. 2,200 crores has to be trebled to reach Rs. 6,600 crores. In other words making allowance for the increase of population in the course of the next 10 to 15 years, the operational period of the plan, the per capita income should be raised from Rs. 65 to Rs. 185.

We, in India have to learn a great deal from Russia's splendid example in this respect. That is the only country which has demonstrated to the world the marvels of planning. By means of successive Five year Plans, Russia in the course of twelve years was able to increase her national wealth from 25 to 125 million Roubles *i. e.* five times. As against this, the standard of increase in national wealth fixed by us *i. e.* only three times appears to be comparatively a modest ambition.

National income could be increased by exploiting the productive resources of the country to the full. And they are Agriculture, Industries and Services.

Recently, there have been many booklets published on the subject of Planning, known as Bombay Plan, Peoples' Plan, Gandhian Plan, Government Plan and each party has tried to put forth its own point of view through these different plans. According to Bombay Plan, the target for the increase of national income from agriculture has been put at 130 per cent while it is 500 per cent through industries and 200 per cent through services. The Peoples' Plan fixes the target for agricultural production at 400 per cent and the Government of India Plan at 100 per cent only. There exists a great diversity of views among the framers of different plans. However, the realisation that the country is extremely poor and means and methods should be devised to increase its national wealth is there.

In the direction of increasing agricultural production, the first step is to relieve the pressure on land. A large population, now engaged in agriculture resulting in uneconomic and scattered holdings should necessarily be transferred to industies. This will not only relieve the pressure on land and make agriculture a self-sufficient indurtry to the reduced number that will remain so employed, but will also immensely increase the agricultural output. A hundred years ago 80 per cent of the population was engaged in agriculture in America, which is now reduced to 25 per cent 55 per cent having been transferred from agriculture to industries. The result has been that this 25 per cent now produces 5 times more from agriculture than what was done by 80 per cent a hundred years before.

In order to increase agricultural production certain fundamental reforms are essential :— (1) Increasing the size of agricultural holdings; (2) Introducing co-operative and compulsory farming; (3) Extension of area under cultivation; (4) Improving yield per acre by introducing fertilisers and creating widespread facilities for irrigation; (5) Use of improved implements for cultivation; (6) Use of better varieties of seeds; (7) Better rotation of crops etc.

In order to induce ryots to take to improved methods of cultivation, it is necessary to set up model agricultural farms within a radius of 10 agricultural villages for purposes of demonstration and practical guidence.

For industrial development certain basic and key industries have to be developed. The scope for the development of industrial output is five times the present production. The basic industries being—1. Electricity, 2. Mining and metallurgy, 3. Engineering (machinery of all kinds), 4. Chemicals (medicines, etc.), 5, Transport, 6. Cement, 7. Armament.

Great potentialities for the development of key industries lie unexploited in our country. In the case of Electricity India hardly uses 2 per cent of its power-generating potentialities.

The question of services, transport and communication is an important one and these have to be increased by 200 per cent. Vastly increased agricultural and industrial production will, of course, necessitate large movement of goods from place to place in the interest of trade. Railways, Roads, Shipping and Airways have to play a great part in providing transport facilities contributing to the increase of National income by 200 per cent.

Then the question of able personnel or managing staff for the development of national resources under planned economy is a stupendous one. Russia with a population of 17 crores had to employ 96 lakhs of its people to work up the first 'Fve Year Plan'. Making our calculations on this basis, India with its 40 crores of population would need a managing staff of workers to the extent of 2 crores of people. This is no small job that can be accomplished overnight. It will take many years of labour to train up vast armies of technicians to man this complicated machinery of planning.

Successful execution of the plan pre supposes complete state control over entire human and material resources of the country. There is little scope for private enterprise in planned economy and the state monopolises all means of production. Private enterprise which concerns itself with private profit has been found by experience to come in clash with the development of national industries.

Planned economy does not rest with the increase of national income alone. It also concerns itself with the equitable distribution of national income so increased. To check inequality of distribution of national wealth the state or society should fix minimum and maximum income of every citizen. With this sort of State-control over minimum and maximum income of the people the evils of fabulous wealth and stark poverty going side by side will greatly be checked. Imposition of death duties on property is another means of bringing down glaring inequalities of wealth between man and man.

Only an Independent National Government exercising unfettered control over political and economic destiny of the country is capable of implementing the plan. A competent body of Scientists, Economists, Technicians and Engineers will have to be appointed by the National Government to frame a detailed plan for the country.

—*The Rural India*, June 1945.

ENQUIRY INTO RURAL INDEBTEDNESS, GOVERNMENT OF MADRAS MAY 1945.

Economist :

Rao Sahib Dr. B. V. NARAYANASWAMI NAYUDU, M.A., PH.D., B.COM., Bar-at-Law.

Questionnaire for the Use of Investigators

PART I

I. *Preliminary*—

1. Survey number of the village,
2. Name of the village.
3. Taluk.
4. District.
5. Is the village ryotwari or zamindari ?

II. *Land*—

1. Total area,
2. Cultivated area.
3. Incidence of land revenue on fully assessed area per acre—
   (*a*) For total area.
   (*b*) For cultivated area.
4. Total revenue of the village. (If zamindari village find out the total rent paid to the zamindar.)
5. If zamindari, the total peshkash payable to Government.
6. Area of wet and dry lands—
   (*a*) Wet.
   (*b*) Dry.
7. Area of cultivated wet and dry lands.
8. Area of land watered by private wells.
9. The area of an average holding, wet and dry.
10. Area under each of the principal crops in the village—

    (*a*) Rice, (*b*) cholam, (*c*) ragi, (*d*) cumbu, (*e*) groundnut, (*f*) cotton (long or short staple), (*g*) tobacco, (*h*) fodder, (*i*) garden crops, (*j*) sugarcane, etc.
11. Crops generally cultivated in the village on wet, dry and garden lands (i.e., with wells of their own).

III. *Debt*—as in 1939 and 1945 in two different columns—

1. Number of regular money-lenders.
2. Number of agriculturists who are money-lenders.
3. Number of merchants *cum* money-leeders.
4. Number of families in debt—(*a*) Landholders, class I; (*b*) landholders, class II and (c) landless labourers.
5. Number of families free from debt under the above three heads.
6. Debt per family.
7. Debt per acre of occupied area.
8. Debt per rupee of assessment or rent.
9. Debt per head.
10. Total debt of the village.
11. Debts on security of immovable properties from (i) Government, (ii) co-operative credit societies, (iii) landmortgage banks, (iv) money-lenders, professional and otherwise.
12. Debts unsecured from (i) co-operattve credit societies, (ii) money-lenders and others.
13. Debts on security of movable properties mainly from money-lenders.
14. Unexplained debts for, e.g., handloans.
15. Total secured debts.
16. Total unsecured debts.
17. Total from Goverement.
18. Total from co-operative Societies.
19. Total from others.
20. Rate of interest charged by money.lenders for the years 1939—1945—
    (*a*) On secured debts.
    (*b*) On unsecured debts.
21. Rate of interest charged by Government on its loans.
22. Rate of interest charged by co-operative societies on (*a*) seeured and (*b*) unsecured loans.
23. Rate of interest charged on loans secured by movable properties.
24. Purpose of the loan—
    (1) Productive purposes—(*a*) land improvement, (*b*) purchase of cattle, (*c*) of new lands (*d*) building cattle-sheds, etc.
    (9) Unproductive purposes.
    (3) Repayment of prior debt.
    (4) Payment of interest.
25. Reduction of the debt—Causes—
    (1) Scaling down by the Debt Conciliation Board.
    (2) Scaling down by the Agricultural Relief Act.
    (3) Sale of lands, houses and other immovable properties.
    (4) Sale of movable properties.
    (5) Out of savings.

Questionnaire for the use of the Investigators

PART II

As questions bearing on an individual's financial position usually evoke considerable suspicion, particularly in the minds of the rustic villagers, the Investigators must express their *bona-fides* in their talk and manners. They should exercise a good deal of tact and show maximum courtesy to the villagers. The ultimate object is to get as much of information as possible. Investigators must sift the answers to attain the highest degree of accuracy.

1. How many members are there in your family ?
2. What is the extent of your wet, dry and garden lands ?
3. What is the assessment on each category of landed property ?

4. How many cattle do you own?

5. How many have you bought in the last 5 1/2 years? and at what prices? Is the health of the cattle good? How many did you sell?

6. Did you buy any land in this period?

7. Did you buy any implements, oil engine, or other article necessary for cultivation?

8. Did you sink any well or tube well?

9. Did you build any house or any portion of your house? How much did it cots you?

10. Do you cultivate all ycur lands or lease out any portion?

11. Did you buy any movable property? If so, at what prices?

12. Did you celebrate any marriage or other ceremony? How much did it cost you?

13. Have you had any extraordinary items of expenditure like funneral, giving the children higher education? What has been the total of such expenditure?

14. If you have repaid any portion of your debt to money-lenders, did they show any reductance to receive the dues? What sorts of evasion to receive did they practise?

15. (a) Are you indebted now?

(b) Are you a member of a co-operative society? How much have you in deposit there or in Post Office Savings Bank or anywhere else?

16. What is you total debt? How much is secured? If so, is it a simple mortgage or mortgage with possession. From Government, co-operative societies, land mortgage banks or money-lenders?

17. How much of your debt is unsecured?

18. Have you pledged any movables for raising loan?

19. What is the rate of interest on secured debt?

20. What is the rate of interest on unsecured debt?

21. The dates on which the various debts were contracted.

22. Were you in debt in 1939? Its nature, magnitude, rates of interest.

23. How much of such debt have you repaid?

24. Are you regular in paying the intereet? If not, how much is in arrears?

25. What are the principal crops you raise?

26. Have you, after the war broke out, changed the crops you have been cultivating? If so, why?

27. Have you. experienced any remarkable rise in the price of your produce? What is the extent of such rise?

28. Are you not incurring the same old cost of cultivation and therefore are you not getting a wider margin of profit?

29. Are not dealers anxious to get at your produce? Has not marketing of your produce become easier now than before?

30. Have you increased the area of cultivation during this period? State the number of acres and the crops grown.

31. Have you reduced the area of cultivation? If so, why? Are lands formerly cultivated, lying fallow at present time?

32. What is the normal pre-war price of your wet, dry and garden land per acre?

33. What is the present price of each of thase categories?

34. Have you lent money to anybody? If so, how much is secured, unsecured and handloan? What are the rates of interests on each category of loan?

35. What were the purposes for which the debt was incurred? (a) Payment of earlier debts; (b) marriage and social occasions; (c) famine and failure of harvests; (d) payment of land revenue; (e) growth of debt by compound interest, interest not having been paid, (f) seeds and manures; (g) improved agricultural implements; (h) improvement of land, terracing, sinking of wells, etc.? (i) educatiou of children.

36. If your present debts are lower than what they were in 1939, how do you account for the reduction?

(a) Sale of land.

(b) Reduction due to resort to Debt Conciliation Board.

(c) Reduction due to the operation of the Agricultural Relief Act.

(d) Repayment out of your savings.

Questionnaire to Competent Non-Officials, Officials, Associations, etc.

1. Do you think that the rise in prices of agricultural produce during the war time has contributed to reduce the aggregate rural indebtedness.

2. How far has the rise in the price of necessary consumption goods of the rural population has counteracted the beneficent effects of the rise in prices of the agricultural produce.

3. How far has the cost of cultivation and marketing risen during the war years?

4. Has there been any remarkable rise in the wages of agricultural labourers? If so to what extent has it enhanced the cost of cultivation?

5. Are the agricultural labourers better off due to rise in agricultural wages? Are they contracting debt in a lesser degree than before? Is their financial position better or worse? How far has the cost of living gone adversely to this class of people? Is there any insistence upon wages in kind? If so, what is the reason and what degree of response does this demand meet with?

6. What is the minimum acreage under dry crops and wet crops that is necessary for an agriculturist to have sufficient food for himself in your district? Have those who own this minimum or a less number of acres benefited by the rise in prices of agricultural produce? If so, in what manner? If not, why not?

7. Do you agree with the statement that the rise in prices has benefited only the bigger landholders and agriculturists who have a surplus to sell in the market? Whom will you consider as bigger landholders belonging to this category? How many acres he should own and cultivate in your district?

8. Has there been in your district any steep rise in land price and any large scale sale of lands for the liquidation of indebtedness on that account. If so, what is the percentage of rise in the land prices?

9. To what extent, indebted agriculturists have benefited from the Debt Conciliation Boards in reducing their indebtedness?

10. To what extent indebted agriculturists have got relief from the operation of the Agriculturist Debt Relief Act?

11. Have there been genuine savings on the part of the agriculturists due to the rise in prices? If so, what have they done with their savings? Have they invested in Post Office Savings Banks, Cash Certificates, Defence Loans, liquidation of their own debts, improvement of lands, purchase of new lands and other productive lines or have they raised their standard of living, increased their expense on luxuries marriages and other social ceremonies?

12. If there have been genuine savings has the Co-operative movement taken advantage of it to attract them to the credit societies on deposits? If not, why?

What methods could it have adopted to achieve this purpose?

13. What is the position of the land mortgage bank in view of the rise in prices of agricultural produce? How far their laans have been paid in advance?

14. Are the actual cultivators able to derive the full benefit of the rise iu prices? Or are the middlemen depriving them of their legitimate reward? How far are the agriculturists taking advantage of co-operative sale societies to get fair prices?

15. Has the yield per acre increased due to intensive cultivation, application of concentrates, etc.? Does not the high price stimulate agriculturists to adopt intensive cultivation?

16. Are members of co-operative societies leaving them after paying off their debts?

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