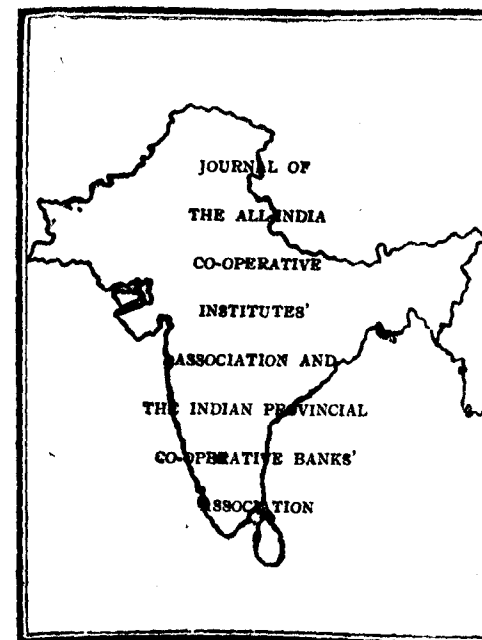


Vol. XII No. 2

APRIL—JUNE, 1946



INDIAN CO-OPERATIVE REVIEW



Published Quarterly

EDITORIAL BOARD

Dewan Bahadur HIRALAL L. KAJI, M.A., B.Sc., J.P., I.E.S. (Retd.)
Chief Editor.

Khan Mohammad BASHIR AHMAD KHAN, M.A., LL.B., M.R.A.S.
(Lond.) *Managing Editor.*

Rao Bahadur Dr. B. V. NARAYANASWAMY NAIDU, M.A., B.Com.,
Ph.D., Bar-at-law.

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

Local Editors.

Rai Bahadur B. MUKHERJEE, M.A., P.R.S.

Mr. K. C. RAMAKRISHNAN, M. A.

Subscription per Annum
Inland Rs. 6. Foreign Sh. 10.

Price per Single Copy
Inland Rs. 2. Foreign Sh. 3.

The Bihar Provincial Co-operative Bank, Ltd., Patna.

Established 1914.

(THE BANK HAS NO BRANCHES.)

The Government of Bihar have undertaken vide their communique dated 5th April, 1941, to bear the losses of this Bank in giving effect to the Rehabilitation Scheme and to give the Bank such other financial assistance and support as may be necessary during the rehabilitation period of five years. In connection with the introduction of the Credit Agricole Scheme at the Bank, Government have also agreed to bear the net working loss of the Bank, if any, during the period 14th September 1944 to 13th September 1951.

The period of Government's Control over the Bank has been extended to 13th September 1951.

Deposit rates:—

Fixed deposits for 1 year— $1\frac{3}{4}$ % per annum.

Savings Bank accounts— $1\frac{1}{4}$ % p.a. on minimum monthly balance.

Current accounts— $\frac{1}{4}$ % p.a. on daily balance.

Detailed rates regarding deposits will be supplied on application.

V. S. AKSHAURI,

Secretary.

S. S. RACHHPAL,

Managing Director.

The Madras Co-operative Central Land Mortgage Bank, Ltd.

Telegrams: "CENMORBANK".

Telephone: 8230.

POST BOX No. 609,

Luz, Mylapore, Madras.

President:

SRI DEWAN BAHADUR C. S. RATHNASABAPATHY MUDALIYAR, C.B.E.

Authorised Capital ... Rs. 20 lakhs.

Paid-up Capital ... " 11 "

Statutory and other Reserves ... " 14.8 "

The Bank is the Apex Bank for the issue of long-term Agricultural Credit through the Co-operative Land Mortgage Banks in the Province.

The Bank issues first mortgage debentures fully guaranteed by the Government of Madras, both as regards Principal and Interest. For each series of debentures issued, a Sinking Fund on the lines advised by the Reserve Bank of India, Madras, is constituted into which payments are made to accumulate funds to pay off debentures on maturity.

For further particulars apply to the Secretary.

Luz, Mylapore, Madras. }

N. S. KONETI RAU, B.A., B.L.,

Dated 12-2-1945. }

Secretary.

THE INDIAN CO-OPERATIVE REVIEW

VOL. XII

APRIL—JUNE, 1946

No. 2

CONTENTS

PAGE

EDITORIAL NOTES

The Sixth All-India Co-operative Conference, Lucknow; Co-operative Farming; Agricultural Labour and Co-operation; Industrial Co-operatives ... 101

The Sixth All-India Co-operative Conference

By Alan Wright ... 108

Co-operation As a Form of Business Organisation in India

By Kasturchand Lalwani ... 116

Co-operation—A Definition

By Mahesh Chand ... 124

Co-operation and Community

By R. S. Kanungo, M.A., LL.B., Bar-at-law ... 130

Place of Co-operation in National Economy

By Dewan Bahadur Hiralal L. Kaji, M.A., B.Sc., J. P., I.E.S. (Retd.) ... 136

What is Co-operative Farming?—A Review of Experiments

By K. C. Ramakrishnan ... 141

The Meaning of Co-operative Farming

By Tarlok Singh, I.C.S. ... 150

Co-operative Farming in Cane-growers' Co-operative Societies in Bihar

By Singhasani Prasad, M. Sc., B.L. ... 153

Co-operative Farming in Cochin

By N. N. Dharmaraja Iyer. ... 159

REVIEWS

Whither Agriculture in India—By Dr. Balajit Singh ... 161

Economic Planning and Agriculture—By A. N. Agarwala and three others ... 163

The A. B. C. of Central Banking—By Nawab Mir Nawaz Jung and

Prof. S. Kesava Iyengar ... 163

EXTRACTS

Prospects of Co-operative Farming in Bengal ... 165

SUPPLEMENT

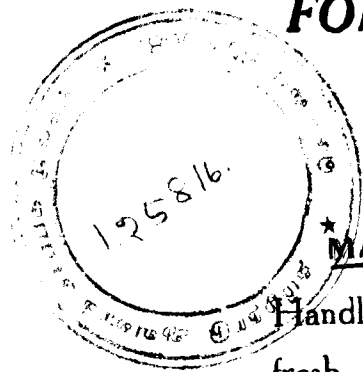
PROCEEDINGS OF THE SIXTH ALL-INDIA CO-OPERATIVE CONFERENCE, LUCKNOW

Welcome Address—By Rai Bahadur Pandit Parmeshwer Nath Sapru ... 1

Inaugural Address—By the Hon. Dr. K. N. Katju, M.A., LL.D. ... 6

Presidential Address—By Dewan Bahadur Hiralal L. Kaji, M.A., B.Sc., J.P., I.E.S. (Retd.) ... 13

Resolutions passed at the Conference ... 29



**FOR BEAUTY,
UTILITY AND
DURABILITY**

MADRAS HANDLOOM FABRICS

Handloom fabrics at our Emporiums are always fresh stocks, latest in designs and patterns, and more durable than mill cloth. Straight from the factory to the consumers they are cheapest, since no middleman fleeces you. With expert salesmen ready at your service, shopping at our Emporiums in the Madras City and Mofussil, should be a pleasure and blessing to your family budget.

STRAIGHT FROM THE HANDLOOMS TO YOU !

Dhoties, Sarees, Shirtings, Towels, Prints, Gingham, Chintz, Furnishing fabrics, Table Linen, Bedsheets, and Kerchiefs, Lungis, Mosquito Nets, Quilts and Pillows.

The Madras Handloom Weavers' Provincial Co-op. Society, Ltd.

No. 6-A, Woods Road, Mount Road, Madras.

THE INDIAN CO-OPERATIVE REVIEW

VOL. XII

APRIL—JUNE, 1946

No. 2

EDITORIAL NOTES

**THE SIXTH ALL-INDIA CO-OPERATIVE CONFERENCE,
LUCKNOW**

The sixth All-India Co-operative Conference met at Lucknow on the 19th April 1946 under the presidentship of Dewan Bahadur H. L. Kaji and continued its sittings on two subsequent days. The Conference was unanimously voted to be a conspicuous success in many ways. It attracted a large number of delegates from the two premier All-India Co-operative Associations, that of the Institutes and that of the Banks. A large number of distinguished visitors also attended by invitation and we are glad to note, that, while the U.P. Registrars and their Co-operative Officials attended in full strength, other provinces also were represented by their officials and it was particularly interesting to see Mr. M. R. Bhide, the Punjab Registrar, attending the Conference as a delegate on behalf of the Punjab Provincial Co-operative Bank. The Conference was inaugurated by the Hon'ble Dr. Kailas Nath Katju, Minister for Co-operation in the U. P. Government, and it was gratifying, that he gave a very important place to Co-operative Movement in post-war development in his province.

The Presidential Address referred to many of the fundamental problems of the Co-operative Movement in India and particularly stressed the desirability of the movement being represented in the Provincial and Central Legislatures. We do not know what form the future constitution of India will take. But it is clear that agriculture and small scale industries will be among the most important economic factors in the life of the nation and it is but in the fitness of things, that while trade and commerce receive recognition through their Chambers, not only in the Legislatures but also in the Municipalities, Port Trusts, Universities and Commerce and Science

Colleges and while large scale industries also receive similar recognition, the other two constituents of the economic structure of the country—agriculture and small scale industry—are not properly represented and are very much neglected. Members elected from the rural constituencies may or may not be interested in agriculture or cottage industries. It is the Co-operative Movement with its well-knit organisation which is best fitted to represent the rural economic interests of the country and the President's appeal in this connection deserves the earnest attention of Government. In this connection, it may be observed, that one of the resolutions proposed at the Conference was about the formation of a Co-operative Party to put forward their candidates for election to the Legislatures. An Englishman, Mr. Alan Wright, who was a very keenly interested visitor at the Conference and who was a British co-operator, a member of the Sheerness Co-operative Stores in Kent, supported the idea, gave useful information and pointed out that the Hon'ble Mr. Alexander was one of the leaders of the Co-operative Movement in England and was a member of the British Co-operative Party. After some discussion, the resolution was not pressed to a division.

In view of the successful week in July—August 1944, when the Joint Meeting of the Standing Committees of the two All-India Co-operative Associations was followed immediately by the fourteenth Registrars' Conference at Bombay, and in view of the success of the Lucknow Conference, where officials and non-officials discussed co-operative problems in an atmosphere of great cordiality, the President's suggestion for the amalgamation of the two Conferences into one—the Indian Co-operative Congress—deserves serious attention. We trust that the next Conferences—the official and the non-official—will be held, one following the other, and that a constitution for the joint Conference will be evolved at these meetings.

The Conference passed a number of resolutions and it was interesting to see officers of the Re-Settlement Directorate like Colonel Bal and Duleepsingh interesting themselves in the interests of the demobilised soldier.

A great deal of interesting information was supplied, when the President invited delegates from the different provinces and Indian States to lay before the Conference the position regarding the procurement and distribution of foodstuffs in their respective areas. Everyone urged that the Co-operative Societies were doing magnificent work in this connection.

But it was much to be regretted, that Government, or rather Government Officers, did not encourage co-operative societies as much as they could and should. To call a co-operative society inefficient is easy enough. But it is not always that an individual makes necessarily a better agency for the purpose of procurement and distribution. It is true that rationing and economic controls are after all temporary expedients and will disappear, we trust, at an early date; and the closer association of the co-operative societies for procurement and distribution is also a temporary proposition only. But we only press for greater recognition of their claims in this respect, since it would have a beneficial influence on the growth and development of the movement, particularly in the establishment of a sound Consumers' Movement in India.

A great deal of interesting discussion took place in the matter of the progressive de-officialisation of the movement. Time and again, we have pointedly stood for the Co-operative Movement becoming entirely a people's movement, run by the people and for the people. While official assistance and Government patronage are always welcome and very necessary, we see no reason, why these should lead to continued control which is getting tighter year after year. In this connection, we might point out that it is not so much a question of an alien Government or National Government, as a question of unfettered group action by the community for economic uplift.

The Government of India appointed last year the Co-operative Planning Committee and the report of that Committee will be out in about two weeks. We trust the Committee has arrived at the correct conclusion in this respect and recommended in no uncertain terms the two important aspects of the movement in India to-day, namely, the increasing association of Government, financial and otherwise, for the development and diversification of the Co-operative Movement and the progressive de-officialisation and relaxation of official control in groups of societies, which have been found uniformly successful for a series of years.

The Conference closed with the resolutions on co-operative associations of the world being represented on peace organisations. We are afraid, it is too far a cry, when sufficient recognition is not accorded even in our own country. We trust the next special session of the Conference will be a very important one and will discuss the recommendations of the Co-operative Planning Committee which should have a great influence in moulding co-operative thought and practice for a long time to come.

CO-OPERATIVE FARMING

The response to our invitation for contributions on Co-operative Farming has not been adequate. We publish four articles received on the subject in this issue. We wish to draw the attention of readers to the variety of conceptions of the term. The early leaders and workers of the Co-operative Movement used it only in the sense of joint farming by members who either owned or leased pieces of land and surrendered their individual right to cultivate them independently. It was not applied to any kind of co-operation not-involving joint farming but only joint purchasing, processing or marketing by members who carried on farming individually either as owners or tenants. The term Co-operative Farming is at present used, even in high circles, in a loose sense for any kind of dual or multi-purpose co-operative society run by or for farmers, even when no joint farming is contemplated at any stage.

All joint farming, however, is not co-operative. This must be sharply distinguished from Collective farming (of the U.S.S.R. type) wherein members retain no individual rights of ownership of any part of the collective farm, and their share of control of joint farming is limited by dictates from above as to what should be grown, etc., and to that extent control is authoritarian and not democratic. In Co-operative Farming, though farming is carried on jointly, rights of ownership of pieces of land are recognised or shares equal to their value are allotted and dividends are distributed and powers of control are shared. There may also be workers without a right of ownership but given a voice in the joint management of the farm.

The distinction between the different types of joint farming has been well brought out in the concise and lucid contribution by Mr. Tarlok Singh. We wish Governments and other planners took note of the distinction and used the term correctly. Mr. K. C. Ramakrishnan reviews at some length the experiments conducted in different parts of the world in the name of Co-operative Farming or land colonisation and concludes that none of them was an unqualified success. Even the best of them were short-lived. We find, for instance, the attempt made by an enthusiastic Collector in a Bengal district (Nadia) has turned out to be a poor show.¹

We wish better success to the attempts that are being made for Co-operative Farming by societies organised in Bihar among sugarcane-growers—of which an account is given by Mr. S. Prasad in this issue. Joint

¹ Vide *Indian Co-operative Review*, January-March, 1946 ; pp. 96-97.

farming, for a short duration, for a particular purpose—called by some “consolidated cropping”—may perhaps succeed better than co-operative farms where all individual rights of membership are to be merged once for all. With the existing rights of inheritance and the very limited avenues of employment outside agriculture open to our rural folk, we fear, any permanent co-operative farm may not be easy to establish. Let us not delude ourselves by thinking that any co-operative organisation of farmers for purposes other than joint farming can pass for Co-operative Farming.

AGRICULTURAL LABOUR AND CO-OPERATION

The Co-operative Movement in Europe from its very inception has been associated with industrial wage-paid workers. It was, in fact, historically an offshoot of the industrial labour movement. The most important and successful type was the working class co-operative store. It was only long after its origin that it was adopted with modifications suited to peasant-proprietors of North and Central Europe for the organisation of credit, supply of agricultural and domestic requirements and processing of perishable produce. Marketing has been taken up seriously only in the last thirty years. But all these and other forms of agricultural co-operation were essentially for the benefit of small and medium landholders and not the labourers on land. In this respect it was very much unlike industrial co-operation, so much so that some champions of the latter have dubbed agricultural co-operation as capitalistic while they were drifting in the direction of Socialism.

Co-operation in India began, under State auspices, with the Raiffeisen type of society which has continued to be held so sacred that any one who questioned its suitability to our country is deemed a heretic. Whatever the faith of Raiffeisen was on character as the basis of its working, “capitalisation of honesty” that he preached has not been the guiding factor in the dispensation of loans. More reliance is placed on the lever of unlimited liability and the security offered by the tangible net assets of the member and not his earning power or reputation for honesty. The landless labourer could seldom derive any benefit in such a primary society, which was the universal type. Here and there the labourer was admitted and loans were granted on the security of house property which was of small value. There are some special Depressed Classes Societies composed mostly of labourers. But leadership was most often wanting, and members were generally given to drink. Many of these societies have come to

grief. And the opinion of the last Committee on Co-operation in Madras was rightly not in favour of separate societies for them. The other classes of landless labourers were almost forgotten by the Government and the co-operative organisers too. It is not as though the labourers do not require the services of the Co-operative Movement. They are often indebted and unable to discharge their debt though the amount may be small. It is not that their wages are always too low to permit them to save. More often they spend away what they ought to save in drink. If some agency could intercept the surplus at the right time, their debt might be discharged in time and themselves and their families saved.

Now that prohibition has been enforced in eight districts of the Madras Presidency and elsewhere and that wages have also increased, though not in all cases to cope with the increased cost of living, a splendid opportunity is offered to co-operative workers and leaders to organise societies for them and take them in existing societies. Supply of domestic requirements at controlled or reasonable rates is even more important at present than the supply of credit. Readers of the *Indian Co-operative Review* will be glad to know of any efforts made in this direction in any part of the country.

INDUSTRIAL CO-OPERATIVES

Co-operation among small industrial producers has not been a conspicuous success anywhere in the world, though the modern Co-operative Movement in Europe has spared no pains to organise a large number of societies for their benefit. The Christian Socialists of England and their counterparts in France inspired by the vision of a Co-operative Commonwealth, started and worked the self-governing workshops in the middle of the last century. John Stuart Mill was more hopeful of the success of this form of association than of the capitalist factory system. But Sidney and Beatrice Webb, reviewing the work of the self-governing workshops twenty years ago, observed: "Every generation sees its crop of such little associations of producers, notably in France. But ninety years of experience of literally thousands of attempts in half a dozen countries in almost every industry has demonstrated pretty conclusively that the self-governing workshop is not a practicable form of industrial organisation." Writing earlier, Dr. C. R. Fay dismissed as unimportant the German associations of small producers or handicraftsmen. "They rarely succeed, because their structure is unsuited to modern conditions" though in agriculture associations of

small producers were acclaimed a great success in Germany. Even now we find from the figures of the International Labour Office that only two per cent of the total number of members of all types of societies in the world is claimed by industrial producers' societies. And of this 1.4 per cent is claimed by U.S.S.R. whose pattern of Co-operation is different from that of the rest of the world.

We believe that the failure of most of the producers' societies in the West was due to their desire to copy the scale of operations of the big manufacturing industries and also their system of control; though the controllers would be elected by the working members themselves all of whom were willing to come under one roof for carrying on the work of the society. Failure was ascribed to the workers' conservatism, lack of capital equipment, want of discipline and of guaranteed market for wares. Their history might have been different, if producers had been allowed to carry on their work, each independently in his cottage, the co-operative society undertaking to supply them with the best tools or implements, with cheap power, with reliable raw materials and also undertook to market the finished products. The society's bargaining power would have been greater than every individual's; and the question of enforcing any discipline would not arise. We have heard recently from Dr. J. B. Tayler (who contributed an article to this *Review* in 1944) and others how industrial co-operatives organised on cottage scale have been a great success in China, Japan, Switzerland, etc., and how even the United States contemplated organisation of such co-operatives for the benefit of many of her share croppers, and migratory labour—the poor half of her agriculturists. One secret of success was the utilisation of cheap electric power at home for carrying on the work without undue exertion; another was the supply of best designs by artists engaged by the society; and a third cause of success was the teaching of consumers in rural areas on how they can meet their primary needs of a balanced diet, better dress, and better furnishing of their house by using the products of the surplus labour in the countryside organised in co-operatives. To this end the Peasants Union of Switzerland is said to have done more than any other agricultural organisation.

We plead for the creation of such an organization in each Province, whose first duty must be to find out what cottage industries have a sure prospect of success given the aids stated above—supply of the best tools and implements, of good raw materials and attractive designs by means of a co-operative agency. The enquiries so far conducted have been more or

less of an omnibus character, surveying broadly a large number of primary and miscellaneous industries together and offering recommendations of a vague and pious nature. We want more intensive and continuous studies on the economic as well technical side, which unfortunately Departments of Industries have not made. It is also necessary to know in detail why most of the societies started in the past have failed (except a few weavers' societies). Each industry employing at least fifty families, in a town or village, is worthy of investigation by students of economics in the Universities. Vague generalisations are of little value from the point of view of reconstruction. We shall be glad to publish any illuminating contribution on the study of any cottage industry and of the career of any co-operative society organised for the workers in any industry.

THE SIXTH ALL-INDIA CO-OPERATIVE CONFERENCE

By

ALAN WRIGHT,

Sheerness Co-operative Society, England.

The Sixth All-India Co-operative Conference was held at Lucknow over Easter week-end, 19th to 21st April, and about 100 delegates were present from throughout India.

The function opened with the Indian National Anthem and afterwards R. B. Pt. Parmeshwer Nath Sapru, Chairman of the Reception Committee, delivered an address of welcome to the delegates.

The Conference was inaugurated by Dr. K. N. Katju, Minister for Co-operation, in the newly formed U. P. Congress Government, who stated that, though a layman in co-operative knowledge, he had come to the conclusion that only the widest possible extension of the co-operative principle to their rural economy could solve the manifold and immense problems of poverty and squalor, sickness and disease in the countryside. Dr. Katju went on to say: "In spite of efforts at industrialization, the fact remains that India is an agricultural country and the vast majority of its population is to be found in the countryside. I suggest that the Indian village presents a great opportunity and a unique field for the application of the co-operative principle to the life of a village community as a distinct entity."

Dr. Katju said that he realised the co-operative movement was entirely based upon voluntary effort, but he wondered whether exigencies of the time and their own needs and requirements did not demand a slight departure from the orthodox view as long as the vital principles were kept and observed intact. In this connection, speaking of a village society, he visualised, Dr. Katju said: "I am hopeful that once the villagers realize what the society proposes to do for them, then there will be no difficulty in persuading every single cultivator to join the society. But I am prepared to go a little further. If by appeal we succeed in including the majority of the residents in a rural area to join such a society, such members holding amongst them the major area in the village under their cultivation then I suggest that some actively persuasive method should be employed to induce the remaining villagers to enter the society. One such method that we had in mind was a direction that once a society is formed, every cultivator in the village must sell his agricultural produce to or through the society or directly at a regulated *Mandi*. This restriction may serve as a valuable instrument in inducing membership. I am even prepared to go further and I would favour legislation prescribing that if certain prescribed conditions were fulfilled all adult males of that village should be deemed to have become members of that society and to have become liable to its rules and regulations."

Two members of the Cabinet Mission, Mr. A. V. Alexander and Sir Stafford Cripps, sent messages wishing the Conference success. The message from Mr. A. V. Alexander said "I have been a co-operator for 40 years and was the Parliamentary Secretary to the British Co-operative Movement in Great Britain with an adult membership of over 19 million which has become the largest trading organization in our country. I am convinced that the development of co-operation in India promoting the great principles of mutual self-help and the practised expression of our motto 'each for all and all for each' would be of far reaching advantage to your people and a pillar of strength to your country as a whole. The widest basis of co-operation must in the long run be that of consumers. They are the market for the producers. They can combine not only to bring economic savings to themselves but also through their increased purchasing power provide a stable and growing market to the producers free from middle shares and commissions. If all our efforts are turned to co-operation, we shall be making the largest possible contribution to the brotherhood of men. And so I wish every possible success to your Conference. I hope that your movement may continue to grow and flourish in India as it has in Great Britain, and that, in doing so, it may strengthen the ties of friendship and co-operation between us."

Many other messages were received from prominent Indian Co-operators, including Mr. V. L. Mehta, who has recently been appointed Minister of Finance and Co-operation in Bombay and was unable to be present through pressure of ministerial duties.

Dewan Bahadur Hiralal L. Kaji, M.A., B.Sc., J.P., I.E.S. (Retd.), a prominent Indian Co-operator from Bombay, presided over the Conference, and in a very comprehensive and valuable address referred to the many matters facing Indian co-operators to-day. He spoke of the unsettled world they lived in and the threat of food famine in India. He pleaded that the work of distribution of food grains collected by the Government should be entrusted to co-operative agencies. Speaking of the retail stores that had grown up in recent years for distribution purposes Mr. Kaji went on to say "It may well be that on the removal of the economic controls and rationing and the return to some normal conditions, the store societies that have grown up in recent years may be faced with prospects of disintegration, collapse and liquidation. It would be almost criminal on our part to allow such a catastrophe to occur. Bad stores cannot, it is true, be bolstered up and somehow kept alive, for even then these might drag on only a few more years of anaemic existence, become moribund and ultimately close down. What is needed is a powerful Co-operative Store Organization, a sort of Wholesale which would prop up the smaller units and make it possible for India to have a sound distributive system on a co-operative basis. It may be that these small store societies in a compact area can well amalgamate so that a large co-operative store may be formed.

Such a strong unit will be able to get on successfully and utilise the amalgamating units as its branches or retail stores. In this way, almost all the large district towns will be provided with large stores organizations which could and should federate into a Provincial Wholesale Society. The Provincial Wholesales can similarly give us an Indian Co-operative Wholesale Society which, in course of a few years, can become a great directing force and powerful instrument for the development of the co-operative movement. I earnestly plead for the present opportunity to be seized. Let slip the occasion by vague fears and theoretical objections and the consumers' movement remains neglected as heretofore. Grasp the opportunity and you will do a great service to the Co-operative Movement."

Mr. Kaji referred to the work of the Co-operative Planning Committee whose report was awaiting publication by the Government of India, and hoped that the Committee would lay down the dicta for the future guidance of the Movement. Dealing with the matters which it was expected would be covered in the report, Mr. Kaji said "The strong trend for planning presents one very great danger. All our reading tells us and all our thinking confirms it, that co-operation is a perfectly voluntary association of people for economic betterment on the basis of thrift, mutual help and self-reliance. And yet when planners plan, they envisage compulsory co-operation. I have no objection to the State asking for and getting co-operation from groups of people even under compulsion but I do object to calling such co-ordinating groups, co-operative societies. Once a co-operative society is formed I can understand the coercion, for the common good, of recalcitrant minorities, but I cannot understand dragooning people into a co-operative society through compulsion by the Legislature. Where the good of an area demands it, the State is perfectly entitled itself to take action; it is perfectly entitled to induce, by propaganda and grant of concessions; but it is not entitled to coerce and compel people into forming a co-operative society. Compulsion is the very antithesis of co-operation and I most strongly urge that in their zeal for the development and progress of co-operation, the Government will not be tempted to associate any form of compulsion with co-operative planning."

The Registrar of Co-operative Societies and other Government officials play a very big part in the workings of the co-operative societies in India and great stress was laid by Mr. Kaji on the need for the deofficialisation of the Movement. He said "Forty years of this controlled regime of an essentially democratic and popular movement and the failure to achieve the economic regeneration of the masses to any appreciable extent or in any one direction should be enough to suggest that the solution lies not in the further tightening of control and the appointment of ever more and more officials, but in the decontrolling of the movement so that with the absence of unnecessary and, perhaps, vexatious interference a greater sense of responsibility would be evoked amongst the members who, by coordinating efforts and guidance from their own federations, would secure

better results. The time has now come for relaxation and withdrawal of official control and to allow the movement to be run ever more and more by the people themselves for whose benefit, after all, the societies exist."

On Saturday morning the Conference started on its heavy agenda. The most important subject before the Conference was the food problem facing India and the part the Co-operative Movement should play in staving off the threatened famine. Delegates from every Province spoke on the situation in their part of the country. In some States and Provinces rationing has been in operation since 1942 whereas in other areas rationing is only in existence in the principal cities, and only of one or two commodities. One thing was common though and that was the value and need in every Province and State for the extension of co-operative control. A resolution was passed that they were of the opinion that all Provincial Governments should make it a point to get the schemes of "Grow More Food Campaign", procurement and distribution executed through co-operative organisations only. That the whole production, marketing and distribution of farm products should be organised on co-operative lines as early as possible. That the Conference expected the surplus food areas to share liberally their surplus with the deficit areas. Throughout the debate there was the feeling that there should be a system of rationing for India as a whole and that no one part of India should live in plenty or relative plenty whilst other areas were much worse off.

With regard to marketing the Conference laid great stress on its development along co-operative lines and a resolution was passed that they were of the opinion that for the success of the co-operative movement marketing must be linked effectively with credit so that agricultural borrowers from credit societies should market their produce through marketing organisations, and the Central, Provincial and State Governments were invited to the need for giving special facilities in the matter of transport of agricultural produce by the villagers to the towns.

In view of the great increase in marketing facing the movement, and the dangers of loss the need for an All-India Co-operative Fire and General Insurance Society with Provincial branches, except in Provinces where there are societies working, was pointed out by Mr. Viyyanna and a resolution was passed calling for the establishment of such a society.

Two Government of India Reports, one by the Agricultural Finance Sub-Committee and the other by the Co-operative Planning Committee, are awaiting publication and this fact rather overshadowed the proceedings of the Conference on some important matters.

Although neither reports have been officially published a statement has appeared in the Press that the Agricultural Finance Sub-Committee has recommended the establishment of Agricultural Credit Corporations. Delegates took strong objection to this finding. Mr. Sher Jang Khan, Chief Officer

of the Agricultural Credit Department of the Reserve Bank of India, who was a distinguished visitor at the Conference, and incidentally a member of this Committee, pointed out that it was unfair to criticise the Committee before the full report had been read and suggested the matter should be deferred until the report had been published and all the delegates present had considered it fully. However, the general feeling of the delegates was that the basic recommendation as reported in the Press should be objected to immediately and a resolution was passed to the effect that "This Conference very much regrets that it cannot accept the basic recommendation as reported in the Press of the Agricultural Finance Sub-Committee regarding the establishment of Agricultural Credit Corporations. The creation of a new credit agency side by side with the old one, both being State-aided and controlled and both being elaborate organisations reaching down to the masses can only lead to confusion and inefficiency. To serve the needs of all agricultural borrowers who are outside the Co-operative Movement today this Conference is of the opinion that the Co-operative Credit Organisations should be enlarged and extended and should receive sufficient State-aid to secure efficiency of administration and sufficiency of funds."

The Conference also called upon the Government of India to expedite publication of the Report of the Co-operative Planning Committee which is overdue. Further, that the Standing Committees of the two All-India Co-operative Associations, should convene a special session of the Conference as soon as possible after the publication of the report.

Several important resolutions were withheld and decision postponed in view of impending publication of this report.

The President's remarks in his opening address upon deofficialisation were strongly felt by the rest of the delegates present and the following resolution was unanimously passed: "This Conference is strongly of the opinion that Governments—Central, Provincial, and States—should take early steps to indicate the change of tone in the working of the Co-operative Movement in the country and to declare progressive deofficialisation as its accepted policy." The Conference indicated certain immediate steps that could be taken.

There are a large number of Provincial and District Co-operative Banks throughout India and several matters affecting their working and status were raised.

When the Demonetization Ordinance of Rs. 1,000 notes was issued a few months back the exchange was only made premissible through Scheduled Banks and Co-operative Provincial Banks were ignored, though in many cases they were bigger than Scheduled Banks. Mr. Sher Jang Khan pointed out that Co-operative Provincial Banks enjoyed substantially the same privileges as Scheduled Banks without the obligations arising therefrom.

Nevertheless, it was felt by the delegates that the status of a Scheduled Bank should be made available to Provincial Co-operative Banks, upon application, if their Capital and Reserves exceed Rs. 5,00,000.

Amongst other things it was requested that the Indian State Co-operative Banks and Credit Societies be allowed to purchase shares and become members of the Reserve Bank of India and that restrictions upon investment of their funds be removed.

The question of the representation of the Co-operative Movement in the Central, Provincial and State Legislatures was considered. Chambers of Commerce and Industrial Associations in India have been registered as special constituencies and send their representatives to these Assemblies. A delegate from Baroda State pointed out that their State had recently given two seats to representatives of the Co-operative Movement and they now enjoyed equal representation with private bodies. It was unanimously decided that Co-operation as the recognised agency for rural betterment in India should enjoy such privileges throughout India.

Mr. M. Akbar Ali Khan of Hyderabad thought the time was opportune in view of India's impending freedom for the formation of a co-operative party and moved a resolution to that effect. This resolution was strongly opposed by some members who even stated that nowhere else did such a Party exist. Mr. Alan Wright, who was present at the Conference as a visitor, explained that such a Party did exist in Britain and stated the need for such a Party. Many members, however, spoke against intervention in politics, despite the unanimous consent to the previous resolution regarding representation in the Legislatures, and the motion was lost by an overwhelming majority.

Officers from G. H. Q. Resettlement Department were present as visitors at the Conference and urged the support of delegates for a resolution recognizing the valuable role the demobilised soldiers could play in co-operative development and that such personnel should be utilised in the Movement. Further that their special capacities should be utilised in the formation and promotion of land colonisation, small industries and workshops, construction of public works, running of motor transport, etc. It was pointed out by Capt. Dalip Mansingh, who was also a delegate to the Conference, that the demobilised soldier claimed no special privileges, but his service in the Army inculcating ideals of thrift, discipline, regard for duty, and a team spirit would be of use to the Movement in their post-war expansion. An amendment was moved unanimously to also include in the resolution personnel of the I. N. A.

There were only two ladies present at the Conference, Begum Aziz Rasul and Mrs. H. S. Gupta, a resident of Lucknow, who has been prominent in promoting social work. Mrs. Gupta moved a resolution that Women's Co-operative Unions be formed in all Provinces and that the

Provincial Unions may form an All-India Union to exchange views and fix a programme on an all-India basis. Opposition was expressed to this resolution by one or two speakers who emphasised that equality of sex was the principle of the Co-operative Movement and that the resolution seemed to imply and visualise unnecessarily separate organisations for women. After Mr. Kaji had pointed out that this step was needed to encourage the women in certain Provinces where *purdah* was still prevalent; the motion was unanimously agreed to.

A resolution was also passed requesting the Government of India to exempt the incomes of co-operative banks and societies registered in British India and Indian States under all heads in Section 23 of the Indian Income-Tax Act. At present the trading profits of societies are not liable to tax, but income from Government investments are liable to tax and it was this payment the Conference urged should be removed in view of the important role co-operative organisations have to play in the post-war schemes of Provincial and State Governments.

Although India has more than enough of her own internal troubles the Conference ended on Sunday evening on an International note and it was resolved that the All-India Co-operative Conference with the help of similar organisations should try its utmost to convince the United Nations Organisation of the need for co-operative principles and practice in bringing in a new world order. It was also unanimously decided that, with the help of similar organisations, they should carry on persistent preaching and propaganda to arouse in the minds of the peoples of all countries a genuine desire for world co-operation and fellowship so that they can force the hands of the representatives of the Nations meeting at the coming Peace Conference not to adopt the principles of exploitation of small vanquished Nations by big and victorious Nations, but to be guided by the spirit of co-operation while framing the peace terms.

The success of the Conference was due in no small measures to the tact, sense of humour, and efficiency with which Mr. Kaji controlled the meeting.

One of the remarkable features of it all was the manner in which Indians of all religions and creeds worked in harmony for the success and future of the Co-operative Movement. One could not help but wish this same feeling of unity of purpose and spirit of co-operation could pervade the whole of the world.

CO-OPERATION AS A FORM OF BUSINESS ORGANISATION IN INDIA

By

KASTURCHAND LALWANI,

College of Commerce and School of Co-operation, Poona.

The rise of co-operation as a form of business organisation marks a definite reaction against the present system. The evils of present-day industrialism induced the great minds to think over their solution. Of these, the revolutionary ones contemplated the overthrow of the present order of things. How far they were correct is a matter outside the scope of present discussion. We are concerned here with another group—and a less revolutionary one—which sought to remedy the evils within the existing structure. Experience has however shown that this type of business organisation has a very limited field for its operation and outside that field it hardly offers any remedy against these evils.

The word Co-operation may be used in a loose and also in a restricted and proper sense. Loosely speaking, it includes any type of co-operation and does not, therefore, exclude industrial and business combinations from its scope. Thus understood, however, it entirely loses its significance. Not only that ; as a form of business organisation, some co-operative associations will hardly be found to differ from some forms of combination. But then if we forget the distinction, we will be going against the very purpose for which co-operation was thought over. In case of such a resemblance, the distinction is to be discovered not in their express organisation but in the spirit underlying it and it is this spirit that distinguishes co-operative organisation from any other type found so far.

The literature on Co-operation is so exhaustive and the definitions given so many that one finds himself perplexed. The reason is that the organisation has assumed different forms in different occupations and in different countries, with the result that each writer in formulating the concept is influenced by the peculiar circumstances around him. Some writers have sought to consider all the definitions available, both in the theoretical formulation and statutory enactments, and then have tried to find out a definition by taking the common elements in them; but this process of averaging is no better. In arriving at the restricted and proper definition of the word, a negative approach is more fruitful and scientific. What then are the evils of industrialism that have led to the rise of Co-operation? Broadly speaking, they are two fold—in the field of production and in that of distribution, and the worst sufferers are the labourers, both as actual producers and as consumers. Co-operation is, therefore,

a sort of joint enterprise by the workers both in the field of production and in that of distribution with a view to reduce to the minimum the evils of the existing system of production and eliminating middlemen and their profits in the field of distribution, each member sharing in the profits, earned at a nominal rate, in proportion to his contribution to production and to the use that he makes of the association in distribution. Some writers have emphasized "poverty" and others weakness as the main reason for the rise of Co-operation ; no doubt, they are partially correct. But the main reason is the feeling of injustice and reaction resulting therefrom. Consider the matter calmly. What is Co-operation for? Undoubtedly, it is for remedying the evils of the existing system—a half way house, so to speak, between capitalistic exploitation and socialistic utopia. If, therefore, the labourers are to take over the existing system of production and distribution in their hands, they must have sufficient capital not only for initial financing but for continued working as well. It is wellknown that modern productive and distributive machinery requires enormous capital. If Co-operation is an organisation of the weak and of the poor, it is something entirely different from that envisaged in the above lines. Co-operation is no less distorted than socialism in the hands of capitalist writers.

It is discouraging however that Co-operation as a form of business organisation has attained a very negligible success in the field of distribution, of course, with a few exceptions, and almost no success in the field of production. The only field in which it has attained certain degree of success is co-operative store. Otherwise, it has remained a weak and poor men's organisation. This, no doubt, is a "mighty fall", but one thing is clear, viz., that Co-operation is no panacea for the evils of modern industrialism and commercialism. In India, the co-operative movement was introduced not for remedying the aforesaid evils but as a solution of the poor men's problem. This is all the more evident from two facts, viz., that Co-operation in India was not the result of spontaneous growth but an official imposition, and that the first enactment on co-operative societies in India, the Act of 1904, was based on the English Friendly Societies' Act of 1896. In view of this, the success attained is all the more limited.

We have already remarked that Co-operation, as a form of business organisation, has not attained anything remarkable, unattained by any other type of business organisation. Even in a country like England, where the store movement has made great progress, it is only a form of retailing—one among many. The legal position of Co-operation is a story of continuous evolution. Under the Friendly Societies' Act (1793) in England, only friendly societies formed for thrift and providence by working classes for pooling their resources for friendly relief and mutual benefit were registered. Societies formed for trading purposes, like stores or producers' societies, could not be registered under this Act. In 1846, a slight advance was made when a clause was added to the Act which provided "for the frugal

investment of the savings of the members for better enabling them to purchase food, etc." But still a serious handicap remained in so far as the activities of these societies were restricted to members only. The Industrial and Provident Societies' Act of 1852 authorised the formation of co-operative societies and gave all the advantages obtainable under the Friendly Societies' Act. The Amending Act of 1855 enabled the societies to hire or purchase land and in 1862 a new Act was passed by which limited liability was allowed to co-operators; trade could henceforth be carried on except banking and mining. Henceforth the profits could be applied for any purpose permitted by law, a member could invest in a society up to £200, and for the first time the certificate of registration constituted the society a body corporate and the shares of one registered society could be purchased by another registered society to the maximum limit of £200. The Act of 1867 removed this last limitation and brought the working of mines and quarries within the authorised purposes of the society. By an amendment of 1871 the societies were allowed to erect cottages and other buildings, to buy and sell them and to advance money on mortgage and other securities. By the Act of 1876 the societies were allowed to undertake banking business. The whole law was consolidated by the Industrial and Provident Societies' Act of 1893.

Prior to 1904, there was no special law in India governing co-operative societies. These societies could be formed under the Indian Companies Act but could not enjoy any special privileges; they were on the same legal status and had to submit, if registered, to the same restrictions as any other concern registered under the Act. If they were not registered, they could not enjoy the rights given by law to a registered company, nor could they expand in size without registration, for, under the Act, any association carrying on banking business with more than 10 persons as members was regarded as "illegal" association. Like a joint stock company, a co-operative society is also an association of persons; but in so far as the object of these two types of associations is not the same, one being profit earning and the other for mutual benefit, the control of both the associations in the same manner stands in the way of the encouragement of the latter type. The situation improved with the passing of the Co-operative Societies Acts of 1904 which recognised only the credit aspect and of 1912 extending the provisions to the non-credit societies formed on co-operative basis, thereby laying down "the fundamental conditions which must be observed," and giving "such societies a corporate existence without resort to the elaborate provisions of the Companies Act.

In the case of a joint stock company, the object of its formation is to be clearly mentioned by the company under the "object clause" in the Memorandum of Associations. The company cannot go beyond the objects thus mentioned in its working, without a change in the clause through special procedure prescribed therefor. It is therefore not rare to find concerns having a wide range of business as objective, though actually they

take to one or few of these at the outset. In some countries, as in America, there is already a liberalising tendency as a result of which "Public policy does not require business corporations to confine themselves strictly within the limits of the words of their charters". In India, although this liberalising tendency is not visible, yet the practice of including a wide range of objectives in the memorandum is not rare. In the case of a Co-operative Society, the intended objects are included in the bye-law. Here also in order to avoid the necessity of altering the bye-law or of establishing a fresh society for a different object, the practice in some countries is to have a wide range of objectives in the bye-law, though most of them are not availed of at the outset. So far as the Indian Law of 1912 is concerned, there is no restriction on any combination of objects for the furtherance of the economic interests of the members. Thus although the law is quite extensive, yet situational restrictions have stood in the way of its expansion and whatever success has been achieved, has been achieved mainly in the field of credit—and there too, the Bombay Banking Enquiry Committee reported that the share of the Co-operative Societies in financing agriculture "is considerably smaller than that of the sowcar and the quasi-sowcar," and the Assam Banking Enquiry Committee reported that "so far as we can see, the exploitation of cultivators by the village mahajans...by village money lenders...ex-tea garden coolies and others is on the increase".

A casual observer of the Co-operative Movement in India will realise that the Registrar of the Co-operative Societies is the very foundation of the movement. Obviously, he has been vested with a wide range of powers, much wider than those entrusted to the Registrar of the Joint Stock Companies. Whether this official domination has been a success is a much disputed question among writers, although from the results achieved, the verdict leaves no scope for hesitation about the conclusion. But one thing is clear, viz., that since the Government is there, the co-operators have never taken the matter seriously and considered the society as any thing different from any other Government agency. Whatever that may be, some of the provincial legislations have, instead of reducing official control, passed further measures to strengthen it, and if increasing official control is the measure of progress, no part of India has been so progressive as Bengal which has "enacted a comprehensive piece of legislation for co-operative societies the general effect of which is to strengthen the control of the Registrar as well as the financing bank over the Co-operative Societies—of the financing bank through power to direct amendment of the bye-laws and of the Registrar through power to dissolve and reconstitute the managing committee as well as to depute an official or other person to manage the affairs of the society." No more comprehensive officialisation has ever been devised than this. It is said that "India has been saved many failures and many years' delay by the present system", (Calvert); but it has not fared the way to progress. If stagnation is the goal, that has been partially achieved.

There are certain conditions which must be satisfied before a society may be registered. Unless the local Government otherwise directs, a society which has as its object the promotion of the economic interests of its members, in accordance with co-operative principles, or a society established with the object of facilitating the operations of such a society, may be registered under the Act, with or without limited liability. No society, other than a society of which a member is a registered society, shall be registered under this Act which does not consist of at least ten persons above the age of eighteen years and where the object of the society is the creation of funds to be lent to its members.

The main obligation of registration is the keeping of proper books and the presentment annually of a correct balance sheet to the Registrar. The audit of the accounts of a registered society is compulsory once at least in a year. While audit is good and essential in the interest of members, the performance of the same function by persons who are controlling the whole movement is nothing but a mockery of the show. In Bombay, Sind, Bihar, Orissa, United Provinces and Assam, the audit is conducted exclusively by the staff engaged by the co-operative departments. Though some banks are audited by registered accountants as well, such audit is not recognised as a substitute for the departmental audit. In Madras, Bengal and North West Frontier Provinces too, the audit is done by the staff of the co-operative departments but the Registrars permit audit of some institutions by registered accountants as substitute. In the Central Provinces and Berar, large societies are audited by circle auditors who are employees of the co-operative department while small societies are generally audited by society auditors. Apparently therefore the auditors are the creatures of the Registrars depending upon the latter's favour; or they are simply departmental staff. In this respect, of course, the law, which requires that the Registrar shall audit or cause to be audited by some person authorised by him, is defective; but practice has not been able to get rid of this defect.

Registration, however, offers certain privileges to the society. A registered society acquires a legal personality by the name under which it is registered, with perpetual succession and a common seal and with power to hold property, to enter into contracts, to institute and defend suits and other legal proceedings and to all things necessary for the purposes of its constitution. It enjoys a prior claim, subject to the claim of Government in respect of land revenue or any money recoverable as land revenue or of a landlord in respect of rent or any money recoverable as rent, upon the crops or other agricultural produce or anything like cattle, fodder, implements and machinery, etc., supplied by it, over any other creditor. In certain other respects also a registered society enjoys privilege, e.g., shares or interest of a member, in the capital of a registered society shall not be liable to attachment or sale, transfer of interest on the death of a

member without any legal formality, exemption from compulsory registration of instruments relating to shares and debentures of a registered society, etc. In matters of taxation also it may enjoy certain privileges if granted by the Governor-General-in-Council.

As regards the property and funds of a registered society, there are certain prohibitions and safeguards. The law imposes certain restrictions on loans and borrowings from non-members, and other transactions with them, as also on the security offered against loans. The investment of funds by a registered society should be made in the Government Savings Bank, or in any of the securities specified in Section 20 of the Indian Trusts Act, 1882, or in the shares or on the security of any other registered society, or with any bank or person carrying on the business of banking approved for this purpose by the Registrar or in any other mode permitted by the rules. This is not all. In order to safeguard the capital structure of co-operative concerns, special provision has been made in the law. Thus no part of the funds of a registered society shall be divided by way of bonus or dividend or otherwise among its members. As regards net profits, at least one-fourth of them in any year must be carried to a reserve fund but of the remainder or of any profits of past years available for distribution, payments may be made among the members to such extent and under such conditions as may be prescribed by the rules or bye-laws. In the case of societies with unlimited liability, no distribution of profits can be made without the general or special order of Local Government. The provisions are sound enough, but the provision regarding the investment of funds, though sound, seems rather inappropriate. If the object of co-operative movement is to supply cheap credit to members, the above mentioned provision requiring the investment of funds in Government, Semi-Government, or approved securities would frustrate the very purpose for which the movement was started. Only in so far as investment is permitted "in any other mode permitted by the rules", the members may come in as recipients. But even in this matter, the working of the provisions of law have not proved much successful. If a thing is to be judged by results, then it may be mentioned that "at the end of 1939-40 the societies had loans of Rs. 28.14 crores outstanding of which loans for Rs. 10.71 crores or nearly one-half were overdue. The real position would appear to be much worse in view of the common practice in several provinces of granting extensions and the unsatisfactory and varying systems of calculating overdues. Moreover, no accurate figures of overdue interest are available though its amount would appear to be considerable." A study of the working capital of the concern also reveals the weakness of co-operative movement in this country. It is peculiar, as is visible in the following table that the weakness in the working capital position (1938-39) is in inverse relation to the intensity of official control, Bengal having the maximum control but low average of working capital while in Bombay where probably the movement for de-officialisation has made the greatest progress, the average working capital position per unit is the best.

(Figures in columns 2 and 3 are taken from the *Review of the Co-operative Movement in India* (1939-40).)

Provinces.	Number of societies.	Total working capital. (Rs. Lakhs).	Average working capital per unit* (approximate).
(1)	(2)	(3)	(4)
Assam	...	1,551	88
Bengal	...	30,707	2,021
Bihar	...	7,762	465
Bombay	...	5,126	1,627
C.P. and Berar	...	4,764	543
Madras	...	13,759	2,271
N. W. F. P.	...	822	27
Orissa	...	2,704	132
Punjab	...	24,322	1,714
Sind	...	1,897	328
U. P.	...	10,858	321

*Includes societies in liquidation.

Various provisions have been added to the Acts to prevent capitalist interests from prevailing. In English Law the shareholding of a member is limited to £200; and in the Indian Act it is limited to Rs. 1,000. In the language of the Indian Law, where the liability of the members of a society is limited by shares, no member other than a registered society shall hold more than such portion of the share capital of the society, subject to a maximum of one-fifth, as may be prescribed by the rules; or have or claim any interest in the shares of the society exceeding one thousand rupees. Unlike the shares of the joint stock company, the shares of a co-operative society are not transferable to non-members, except in England. All co-operative societies make the value of their shares as small as possible to bring them within the reach of the poor, though there is no express provision to that effect in the Act. In the case of company shares also, a similar development may be seen with a view to popularise the shares among investors of limited means. But although the shares of a co-operative society are not transferable, the members may withdraw their money by giving proper notice.

The relations between the members and the society are personal and not capitalistic. In this respect there is slight resemblance with partnership in so far as the relation between members in a partnership is also personal, though, of course, in the object of business, there is considerable difference between the two. The societies are free through their committees to refuse admission to any individual, they may deem proper without assigning any reason for that and in their bye-rules they place restrictions on the classes of persons who may join or the place from which members may be taken.

The members of a co-operative society enjoy certain rights and have liabilities. Thus members are prohibited from exercising their rights till due payment is made and membership acquired. Each member enjoys the right to vote. Thus where the liability of the members of a registered society is not limited by shares, each member shall, notwithstanding the

amount of his interest in the capital, have one vote only as a member in the affairs of the society. Where the liability is however limited, each member shall have as many votes as may be prescribed by the bye-laws. One of the most effective weapons of co-operative control on the continent of Europe is an obligation upon members, enforced by the imposition of a fine, to conduct all or a given percentage of their custom exclusively through the society for a given number of years. In England, also, in the model rules of British stores, there is a clause to the effect that any general meeting may fix an amount which every member shall be required to purchase from the store and if he fails to do so, he shall be returned his money and shall cease from membership. In South Africa the law lays down that if in any area 75 per cent of the producers of an agricultural commodity are co-operatively organised and handle 75 per cent of the product, the minister may, on the request of that co-operative organisation, prescribe that all producers within that area shall sell their product through the co-operative society. Besides, the law in many countries provide penalties for disobedience or negligence of certain precautionary measures. They are absent in the Indian Law because it was felt that they are premature. Provision for penalties is however made in a modified form in the Bombay Act of 1925.

In recent years it has been very much emphasized that the organisation of a co-operative society should be made all comprehensive so as to include as many aspects of the members' economic life as possible within its scope. Upto this time, Co-operation has remained a credit-supplying agency and that too supplying only a microscopic proportion of the total need of agricultural finance. For a more successful development of the organisation, multipurpose societies have received support from many quarters in India and experimented upon in some foreign countries, while not denying the need for a more comprehensive organisation, we must say that the picture envisaged by the Reserve Bank in this matter is too ambitious. For, the problems are threefold. In the first place, too much insistence on official control stands in the way of multipurpose organisation; for, the villagers brought up in an atmosphere different from that prevailing in the officialdom would be the last persons to submit their lives to the fullest possible control. Secondly, the organisation scarcely contains right type of men imbued with co-operative spirit. This has often been misrepresented as the scarcity of proper men. For, the personnel of the co-operative organisation depends in the matters of selection and continuance on the goodwill of the boss and therefore proper men who can serve the country sincerely can scarcely come in. And finally to expect good co-operative organisation with rotten agriculture and backward industry and commerce is to expect too much. The real experiment of Co-operation as a form of business organisation can only follow and precede the development of the economy of a country; for, as already indicated, co-operative organisation is a *via media* between capitalism and socialism intended to remedy the evils of the existing structure.

CO-OPERATION—A DEFINITION

By

MAHESH CHAND,

Allahabad University.

Co-operation literally means 'working together.' In this form we have been co-operating ever since the world began. Not to say of the human beings even the animals and the birds have been known to co-operate to achieve certain objects in which they have a common interest. But of late this co-operation has been taking a new shape and form in the economic field. The industrial revolution and the extreme exploitation by the usurers and employers have lead to a new economic movement known as the co-operative movement. With the present condition of the various economic 'isms', it appears that the greatest good of the greatest number cannot be achieved thus. It is felt that an 'ion' must replace the 'ism'. But the 'ion' cannot bring material and normal success unless we take to it sincerely after having fully understood its meaning and implications.

It is true that the co-operative movement began with certain detailed characteristic features which must be true of an institution before it can be termed co-operative. But for correct understanding of co-operation certain essentials must be reckoned. One may work for the utmost development of oneself. Or one may totally forget the self and work for the utmost development of others. Or one may work for a balanced development of both oneself and others. In other words the sole guiding principle may be individualism, altruism or a balance between both. In short, the watchword may be 'I' 'YOU' or 'WE'. For obvious reasons 'I' is insufficient for the greatest good of the greatest number. The weaker units do require the helping hand of the stronger or others who are similarly situated. 'YOU' shall not be preferable because of two great dangers. Firstly, it may entail total 'self-forgetfulness' which is never wanted, also there shall be the danger of sudden reaction from extreme altruism to extreme individualism and back again. This would make life a series of violent and costly reactions. Secondly, every future genuine attempt at co-operation made by others may be doubted and advances, which if sympathetically understood and appreciated would lead to valuable result for all, may be repelled. Hence 'WE' is the watchword left for us.

For a balanced development of 'I' and 'YOU', working together is essential. But teamwork is more difficult for personal objects than impersonal ones. Many shall agree about 'service to others', but if in a particular case one was to ask them to act in a particular way justified by the above mentioned motto, one may be faced with personal prejudices, objections and oppositions. Hence the structure, aims, functions, the detailed method

of operation and technique must be devised carefully for the group (undertaking teamwork) after considering the members forming it. Although in certain cases a closed (compulsory) combination may be allowed, free combination is preferable: in technical language there may be voluntary and open membership with the freedom of expression. But to avoid the possible resultant chaos and conflict there must be certain mathematical correctives (e.g., acceptance of the voice of the majority) and also a philosophy of life. The latter ought to lay stress not on the material income but on the uses made of it. In general, it seems desirable to have individual development of the units, but there must be permanent federations and unions and periodical conferences.

A co-operative group invariably makes a start in the economic field. It combines freedom of personal action with use of capital in a carefully controlled and highly constructive and fruitful way. The higher the development of the co-operative the higher is the place accorded in its programme to cultural and ideal values than to money and material values. Making a start as a small business society, it can expand and take over in due course such cultural and political functions as education, travel, health and courts, so much so that a separate State shall not be required. A mayor of a Swiss city, who was also the head of co-operatives, realised it when he said: "After performing my duties as head of co-operatives I have nothing to do as a mayor." In other words, a co-operative society can grow into a co-operative state: or that even the State can be run on co-operative lines.

Fundamentally then a co-operative society is an economic undertaking wherein the members have a direct common interest. Their immediate end is to promote their domestic economy or the occupational economy: but they are neither guided by the profit motive nor the money-making motive. The membership is voluntary and free and all have a free and equal voice in the control.

To put it in the form of a definition enumerating the important characteristics, it may be said that a co-operative society is a union of individuals—who generally join voluntarily—established on the basis of democracy, freedom and universality for the purpose of joint performance of economic acts of common interest to improve the material and moral position of its members, using the force of honest cash-and-carry service and mutual help which may be backed by Government support—the net surplus being applied partly for general good and efficiency and partly shared in proportion to the business done by each member with the society and not in proportion to the paid-up capital which is allowed only a moderate rate of interest.

Strictly speaking, it is not a definition because it is not self-explanatory. A major portion requires explanation.

However, it may be first noted that the membership is voluntary and open to all having a common interest. Nobody is compelled to become

and to continue to be the member of a co-operative society, because compulsion does not, in general, carry sincerity of interest. Full loyalty, interest and co-operation can come only from self-realisation of the need for co-operative membership. Compulsory membership may be allowed sometimes for a minority of persons if they come from the same group as other members, if it is to be in their interest and if their non-inclusion shall undermine the success of the society.

An example may be a co-operative society marketing the produce of the agriculturists. If some of the agriculturists of the area of operation of the society do not join it, it is possible that for some time the established private interests may pay substantially higher prices to them. And under certain low economic condition the agriculturists are apt to attach greater importance to higher prices available today and are less likely to realise that this is a temporary move to wreck the society and check them from reaping the benefits of co-operative activity. Hence the members are likely to break away. To nip the possibility of such trouble in the bud, it may be made compulsory for the remaining agriculturists of the area to become members of the society.

Secondly, the members join as individuals on the basis of democracy. They do not have voting rights in proportion to the shares held by them, as is the case in a joint stock company. This is so because in a co-operative society a rich person cannot be allowed to enforce his voice merely because he is rich. All have equal voice. Each member has one vote. What is more important each member must have full opportunity to voice his feeling and exercise his voting power. This creates some difficulty where the members are very many in number and are spread over a wide area. Since a member is called upon to vote his opinions on the resolutions presented at the general meetings, which are usually held annually, the problem is that the resolutions must be presented to them for voting every year. One solution may be that regional meetings may be held. At each regional meeting the resolutions may be discussed and opinions taken. Then a few delegates may be elected to carry those opinions to the meeting of the delegates from all regional meetings. In other words the annual general meeting may take the form of an annual meeting of the delegates from the regional meetings. The delegates meeting may elect a managing committee which, in turn, may appoint a Board of Directors under its own supervision.

The other essential of a democratic control is that the decisions of the members should not be taken on problems that involve or affect the persons outside their area of operation. Thus it would be un-democratic to raise prices of commodities sold to all with a view to increase profits (net surplus).

Thirdly, there is an air of freedom and universality about the activities of the society. The members are free to act in any way they like in matters outside the purview of the society. But they are not expected to fall a victim to sectarianism and cliqueism. Their attempt should be to

increase continually the number of persons enjoying the benefits of the society. The service of the society is to be universal not only in theory but in practice also.

The activities that are to be undertaken by the society must be such as shall be in the interest of all the members. Any activity in which all are not interested would not generally be undertaken. But where a minority lacks the interest, it shall be preferable if the minority withdraws from the society. As regards new applicants, they ought not to be admitted to the membership if they do not have a common interest, or if their real interest clashes with that of the society. If this convention is not followed, there shall invariably develop indifference and deliberate subversive activities.

Fifthly, the service offered by the society must be thoroughly honest. Honesty is the bedrock of success of every economic activity. The society must have and give full weight and the best available quality, as also maintain correct accounts. Partly for honesty, partly to avoid locking up of finance and partly to curb the habit of being a spendthrift, the society should purchase and sell for cash, and should not postpone the recovery of its dues beyond the due dates.

Sixthly, the activities are to be carried on jointly and mutually by the members themselves. It is not contemplated to employ non-members for carrying on the daily activities, at least when a small beginning is made. Working through paid non-member employees at once creates a conflicting interest in the society. It is quite likely that the employee may become insincere and inefficient in order to make money quickly. It is, therefore, preferable to have member employees. As the co-operative expands, it may not be always practicable. But whoever be the employees—members or non-members—the co-operative would be taking the wind out of the sail of labour disputes if it grants wages and advantages which obtain incomparable occupations locally or in the nearest comparable area. Besides, to keep up efficiency, the workers may be allowed a bonus out of the net annual surplus.

It has to be realised that there is no conflict between the co-operative interest and the interest of the workers. The co-operatives have no profits in the popular sense—in strict economic sense, no windfall profits accruing to them. Whatever net surplus does accrue is in general distributed among those who brought it in. There is therefore little urge to exploit the workers. However, if in spite of the wage policy already mentioned, labour conflicts arise, the remedy shall lie in patient and impartial deal by the management and increase of education among the workers.

Seventhly, the method of operations of the society gives the indication that State support is not required. In fact, the way in which the States of the world have acted during the past hundred years leads one to conclude that it would be dangerous if the co-operative movement is placed under

the guardianship of the State or if it accepts and works the policy laid down by the State.

It does not necessarily follow that the State should not help, nor that the State support would be invariably not accepted. In fact, one can argue that the State must help. The State helps the private economic enterprise in many ways. For justice and fairplay, the co-operatives muster strength to fight the exploiting element of the private enterprise. If the State is convinced of the aims and methods of Co-operation, it must lend its support—rather greater support—to the co-operative movement of the country. The State can legislate constructively. It can give fiscal and financial aid. It can place the services of its experts at the disposal of the co-operative movement. It can provide publicity and guidance and can suggest future programmes. But it ought not to dictate or fully officialise the movement.

Lastly, the problem of using whatever is left in the society at the end of the year after meeting all necessary expenses relevant to the business (including depreciation and reserve). Ordinarily in a joint stock company the surplus goes to the shareholders in proportion to the capital provided by them. It is not so under the co-operative philosophy. Here we return to each member what accrued to the society on account of his dealings with the co-operative. Hence the surplus cannot be distributed among the members in proportion to the share capital provided by them. This does not mean that capital is not to get a fair return: a moderate rate of interest is allowed on capital out of the net surplus. A portion of the balance must be utilised for some general beneficial activity: to give some examples, mention may be made of general education, reading room, library, games, recreation, medical facilities and sanitary arrangements. A portion may also be used for granting a bonus to the employees and workers of the society in order to encourage them to take greater interest in the society. The rest of the net surplus may be distributed among the members in proportion to their individual transaction with the society. Sometimes the non-member customers may also be granted a share provided this shall help expansion of the movement. It is not necessary that a person's share in the net surplus may be paid in cash. It may be retained in the form of deposits or issued in the form of paid up shares of the society.

There are certain features which are also sometimes mentioned in definitions and explanations of Co-operation. A co-operative is said to be an association of the 'weak' or 'economically weak'. Because a co-operative is an economic enterprise it is incorrect to say only 'weak': 'economically weak' is a more apt phrase. But the phrase should not lead us to conclude that a co-operative cannot be formed by the rich. It is no doubt generally unlikely that those who commandeer a large purchasing power shall join co-operatively to save some purchasing power. But it is not altogether impossible. If not the need for economy, the need for improving quality of service may induce the rich to join hands in a co-operative

society. And it would be still correct to say that they did so because they were economically weak: that they failed to get the desired stuff for the price they paid. But their organisation may not have the other essentials of a co-operative society. They may not have the system of 'one man, one vote': or the surplus may not be distributed in proportion to the transaction done by each with the society. In fact, even non-co-operative combinations are due to the members being economically weak in some sense.

A co-operative is also at times said to have collective responsibility for the members and collectively owned funds. The former is misleading. It does not make it clear whether each member is responsible for the liabilities of the society to the same extent or to different extents. It is possible that each member may be liable up to, say, one hundred rupees: or up to the value of shares subscribed: or up to a multiple of the value of the shares subscribed: or up to an unlimited extent. If the phrase is to indicate that the profits and losses are ultimately borne by the members, that is in general true of non-co-operative associations also.

But collective ownership of funds has an important significance. In case of liquidation the general funds of the society cannot be distributed among the members. On liquidation, the reserve fund is in general considered to be available for paying off the creditors of an association. But in a co-operative society the indivisible reserve fund is not available even to the creditors: it can only be used for charitable purposes or for help to establish a new co-operative society. The ordinary reserve fund can be used to meet the liabilities of the societies. This is so even where there is only one reserve fund. The fact remains that in no case the collective funds are available for distribution among the members.

In view of the special significance of the reserve fund, it may be laid down by a State legislation that a certain percentage of the surplus (which is wrongly called profit) must be appropriated to reserve.

CO-OPERATION AND COMMUNITY

By

R. S. KANUNGO, M.A., LL.B., BAR-AT-LAW,
Private Secretary to H. H. the Maharaja of Baroda,
Vice-President of the Baroda Co-operative Institute.

When there is so much talk of Post-war Reconstruction and creation of New World conditions for making mankind happy and healthy, Co-operation should serve as the only ideal method to achieve the ultimate goal of human harmony and happiness. It is recognised that man is a gregarious animal. Since the fall of Adam and Eve on earth, we now find nearly two thousand million human beings inhabiting this planet. This is the world population to-day. Considerations of physical protection, cultural advance, spiritual development and financial requirements have given rise to various forms of composite structures and interests like the State, Religion, Educational establishments etc., and have brought into existence Capitalistic Associations, Labour Unions, Syndicalism, Socialism, Communism, etc., according to the nature of temperament of the people, their tradition, historical impact and reactions to existing conditions of things. All these are results of human efforts at adjustment and establishment of ideal organisations to suit their environment.

FIXATION OF AIM OF HUMAN ORGANISATION

What do we aim at as "Ideal" in human organisation? No line of action can be chalked out without a clear conception of the ideal to be achieved, irrespective of the consideration, whether the ends justify the means or the means justify the ends. All activities and efforts are principally intended to achieve human progress. What is human progress? It means in a word that every human being should be raised to a better living. In order to raise the standard of living, generally speaking, the following five essentials must be established in the society:—

- (1) Assurance of sufficient and substantial daily food.
- (2) Each and everyone should get sufficient and decent clothing.
- (3) Provision of decent and sufficiently roomy and healthy house accommodation.
- (4) Arrangements whereby provision is made for all individuals from prenatal birth conditions till death for preservation of their health.
- (5) Provision of cultural and educational equipment for all.

Degree of human progress and happiness achieved will depend upon the successful achievement of the above five objectives. This, in its turn, is dependent upon, to what degree utilities are produced in national wealth, and how they are distributed. The most important fact, therefore, is how

to produce maximum material and moral wealth and how to utilise them to the best systematic and scientific advantage of all.

SYSTEM OF PRODUCTION OF WEALTH

The word "Wealth" understood in its technical sense means creation of utilities. There are three organised forms of production by which wealth is created; and they were: (a) Capitalistic, (b) by State, and (c) on Co-operative principle.

Let us examine each of them and their important advantages and disadvantages in relation to the life of the community:

Production under Capitalism:

We ourselves are living within the boundaries of a society which is mainly capitalistic. The outstanding merit of this system lies in the free scope it affords to individual's initiative and genius. This is the greatest incentive to successful production and helps the realization of the objective of maximum production. But its demerit lies in the fact that the aim of capitalistic production being to earn maximum profits which inure to the pocket of the capitalists, that production alone is undertaken which holds prospects of earning a profit. It is immaterial to the capitalist whether the "Wealth" he produces is useful or harmful to the community. Essential goods which are needed for the healthy subsistence of the community, if they are not profit-giving, will never be created under this system. In a capitalistic society the results are threefold:

- (1) The national wealth may reach its peak point but due to profit earning motive, it will mainly consist of non-essential and luxury goods, while the main elements of the community will have to go without their essential necessities. This may be termed starvation in the land of plenty.
- (2) This system necessarily concentrates wealth in the hands of a few at the cost of many, so that every day rich become richer and poor poorer.
- (3) It does not help to the realization of the five objectives defined above as necessary to achieve the ideal of human progress.

Production under State or Statism:

System of production by the State is also well-known. The two forms best known of this type of organisation are the State Socialism of Germany and Communistic Production of Russia. The most attractive and notable feature under this, is that the production is based on "utility motive" and not on profit making. In fact, this would be the best form of production of national wealth, inasmuch as only those utilities will be produced of which community stands in need. Since production is to be undertaken by the State, all power and resources of the society can be easily harnessed in the creation of essential wealth. But human nature being what it is, in the absence of any direct gain to the individual and due to weakness of human nature, initiative and zeal are on the wane. This leads to inertia

and lack of necessary interest. It may succeed for the time being so long as impulsive emotionalism and high spirit to work for a national cause exist to pep human energies. But defects which are inherent in human nature are bound to exhibit themselves with the result that production under this system is bound to become slack, lethargic, inefficient and wasteful. There is also a lurking danger that organisers at the top being persons in authority in the State shall not brook suggestions or criticisms for improvement of things. Besides, such a system also demands for its success services of men of highest character without which it is doomed to failure.

Production on Co-operative Principle :

Production on co-operative principle is the only ideal method which combines virtues of the foregoing two forms, viz., capitalistic and by State and eliminates their drawbacks. This type of production very largely supplies encouragement to the genius and initiative of the workers, inasmuch as they (workers), beyond having the self-satisfaction of success and the approbation of their comrades, share also in the profits which are earned as a result of their initiative, zeal and labour. It may be mentioned with emphasis that success with co-operative working particularly ennobles human character. The workers begin to imbibe a spirit wherein they attach greater value to the esteem and respect their fellow-workers, feel for them, for their genius and their usefulness to society than they do to personal money gain. Correct evaluation of this means moral elevation in the conduct of human affairs, where once at least, the love of lucre plays a secondary role. Secondly, since the ultimate benefit of production of utilities is confined to the real requirements of the society, the co-operative workers will create only useful wealth. Similarly, reaping of benefits directly will serve not only as an incentive but will make the whole machinery of production efficient. This makes for greater "real earnings" which will go to help in a co-operative way the realisation of the five objects behind human progress stated before. The analysis of various methods of production of national wealth discussed above clearly establishes the unchallenged superiority of the co-operative production over the Capitalist or that of the State. The World War, with its unprecedented destruction and incalculable miseries in its trail, has brought to the fore all the vital problems affecting the life of every community and I, for one, feel that it is only in co-operation that the panacea of all the community ills lies.

The broad outlines of the work to be done may be considered as coming under one or the other of the following categories :—

- (1) Large and Key Industries,
- (2) Small and Cottage Industries,
- (3) Agriculture, and
- (4) Distribution.

The details of work should be worked out by experts of each class. This has not been done yet and the reason for it is not far to seek. The co-operative societies in their initial stages were created merely to lend credit to the slender pockets of the needy. From pure credit they advanced to the stage where they served as an agency to supply goods and material needed by their members. Later on, they began to undertake the work of co-operative purchase and sale for the community and, during the War these societies have proved their sterling worth by successfully tackling the work of civil supplies at many places. Since so far these societies exist primarily to enable the weak to tide over temporary financial difficulties, the leaders of the co-operative movement in India have not yet formulated comprehensive schemes on nation-wide scale to cover up national production and distribution. They should do so now and see that all financial, commercial, industrial, economic, educational, hygienic and cultural problems are undertaken through the medium of co-operative working.

CO-OPERATIVE ORGANISATIONS AND THEIR SPHERE OF WORK

Let us visualise the various organisations which will have to be set up if the target is the State-wide work. It is also necessary to know how these are inter-related :—

(A) Primary Societies :

Whether urban or rural areas, a group of the community comprising, say, about 5,000 people, should form a unit for which a multi-purpose society should be established. Villages should, if necessary, be grouped on these basis. Every family residing in this primary unit should become a member of the society and carry out all the purchase and sale operations through the agency of the society. The society, on the other hand, should undertake production of scientific division of labour and standardising work for its members accordingly. For instance, if the production relates to agriculture, supply of seeds, supply of manure, etc., should form separate divisions. Next, the society should see that all man-power and other material resources are utilised to the best advantage and all waste avoided. Since we are predominantly agriculturists, the societies formed in the rural areas should undertake co-operative farming which is sure to give manifold profit in return. Small industries relative to agriculture should be co-operatively run and wherever possible processing operations should be undertaken before disposal of agricultural produce in its rudimentary form. For instance, instead of selling paddy, it may be husked and rice be sold, or instead of selling oil-seeds, they may be crushed and oil and cake be sold. Similarly, co-operative handling of animal-husbandry is the only way to improve the quality and breed of cattle and to increase cattle wealth on a large scale. This would substantially add to the general income. The society should equally undertake the work of facilitating sound and paying investment of surplus funds of its members as well as to finance their needs at reasonable charges. This will have the

advantage of avoiding expensive and ruinous recourse to litigation. All these steps will appreciably augment the income of the members of the community. Out of this increased earning, the society can and should set apart a goodly proportion and spend the same on securing the essential amenities of life and happiness—educational, cultural, hygienic, etc., on co-operative basis. The increased income under the scheme will easily enable the members of the community to secure better standard of living because of the extra spending power achieved.

(B) Unions :

The next natural stage in the co-operative hierarchy is the establishment of unions. There should be one such union for each taluk. These unions should assist and guide the primary societies and should undertake works of utility affecting the taluk as a whole. Every primary society should be a member of this union and only the society should be entitled to its membership. These unions should finance the primary societies and accept deposits from them on reasonable return of interest. They should sell for the primary societies their produce at the best obtainable rates and supply to them all the necessary goods. It will be the duty of the unions to establish and work such of the small scale and processing industries, which the primary societies cannot undertake. Most important of all, they should undertake works of utility for the whole taluk in the field of education, cultural advance, medical aid, means of communications, etc. In other words, these unions should be the sole agency to do all such works as concern economic and financial aspect of the community-life and, out of the profits earned, help all activities intended and needed for the good of the people. On the same lines, District Unions can be established and they would work for the whole district.

Principles upon which Co-operation is founded are so sound that any structure raised on them will carry an assurance of success and permanence. The need of the moment is proper and scientific planning on co-operative basis, which, when achieved, can alone bring millennium of human progress. It is not a dream or utopia but a reality to be achieved by the effort of man, through Co-operation. Under it, the community will live a free and independent life and the Central Governments will again be relegated as in the past to the position wherein their duties will be strictly limited to performing the functions of collection of revenue, policing its areas, affording protection from external aggression, dispensing justice between subject and subject and keeping peace. All the rest of human requirements will be supplied by the people to themselves through co-operative activity.

PLACE OF CO-OPERATION IN NATIONAL ECONOMY

By

DEWAN BAHADUR HIRALAL L. KAJI, M.A., B.SC., J.P., I.E.S. (Retd.)
*President, All-India Co-operative Institutes' Association and
 the Indian Provincial Co-operative Banks' Association.*

The world has realised now, as never before, that continued progress of human civilisation and culture is only possible if the basis of human action and also of State action was co-operative. Individualism, socialism and its variants, as also nationalism, cannot secure the peace and goodwill which alone will permit world-wide co-operation and the realisation of universal human brotherhood as the next great stage for the evolution of mankind. Aggression, whether of the individual or of the nation, will necessarily lead to feuds, clashes and wars. It is only a recognition of the basic principles of distributive justice underlying the Co-operative Movement, that can save the world from the horrors of anarchy. Individualism and the spirit of competition with the implied invitation to the weak to go to the wall and an insistence on the doctrine of the survival of the fittest is but a natural human instinct. Subordination of the individual to the common good, the suppression of self in the desire to help one's own group, the recognition of the right of the poor for protection—all these which underlie the co-operative ideology, are but a suppression of this instinct and are, therefore, the products of higher education and culture. The child, governed by the instinct, is self-centred and recognises the right of himself only over anything he might fancy. But, as he grows up, he learns to suppress this instinct in his self and to recognise that he has to share with his brothers and sisters. His horizon widens and, as he gets on in age, training and culture, the restraint upon the individual desire becomes more and more prominent and the recognition of equal claims of a larger and larger body of persons dawns upon him. This widening of the horizon, this broadening of the outlook, this increased restraint places competition in the background and brings to the fore the big co-operative principle '*All for each and each for all.*' All men cannot possibly conquer the instinct and individualism will always have its play. But, as civilisation extends more and more, the desire to co-operate becomes stronger and stronger. From the individual to the group, be it class or caste, from the group to the town and city and thence to the linguistic division and further on to the country—these are the natural stages in the progress of human development. But, if the lessons of the Great War are not to be lost, the world has to remember that there is not merely the widening up to the stage of nationalism, but it is the further extension to internationalism that builds up the necessary environment for well-ordered human progress. The 19th century, dominated by mechanisation and the industrial revolution, was essentially an age of competition. It was hoped that the 20th century would witness a great change. The change, however, has long been

coming. Two great wars involving all the great nations of the earth convulsed and shook the entire fabric of civilisation. But it is not too much to hope that the latter half of the 20th century will witness a very definite turn from aggression and militant nationalism to peace and pacific internationalism.

When the world is thus changing its gear from competition to co-operation even in international matters, it is but natural that the co-operative ideology will guide the policies and destinies of countries in the future. In all economic matters that will engage the attention, of national India, whether it be in the domain of agriculture, or commerce, or industry, Co-operation will be the basis of projects and policies. Co-operation has advanced much during the last hundred years since it was launched by the Rochdale Pioneers in their experiment in 1844. From being an alternative to trade unionism or to capitalism or to socialism, from being utilised for distributive purposes in England, for agricultural credit in Germany, for marketing and sale of dairy produce in Denmark and the Netherlands and from being utilised for the economic regeneration of the agricultural population of India, it has now received recognition as the only economic basis of society which precludes antagonisms, clashes, feuds and wars. We look forward to this latter half of the 20th century to make its great contribution to the progress of mankind with the adoption of an ever increasing stress on Co-operation as the true basis of human protection, economic or otherwise.

The Co-operative Movement is essentially an economic movement with a great moral background. When a group of persons, economically weak, are actuated by a desire to strengthen their position and improve their economic condition, and for that purpose, act together in some economic processes, be it production, distribution, exchange or consumption, and divide the profits arising from their joint efforts in an equitable manner, they are said to co-operate, and the association so formed is said to be a co-operative society. The Movement is a realisation that the existing economic structure of society is predominantly maladjusted in distribution. In production, it is not merely capital that is necessary; labour is equally necessary—labour of all kinds—and yet what do we find? The shareholders of joint stock companies, as suppliers of capital, receive interest on the shares. This is quite proper. Labour received its due remuneration in the shape of wages. But, when the wages have been paid, the interest on capital has been paid, including in that item a liberal margin for what is usually called insurance against risk, and when the cost of production is met, there does remain a surplus. It is this surplus that gives rise to so many economic difficulties. Who has the most equitable right to it? Should it go to capital as extra dividend or should it be distributed among labour? Under the capitalistic scheme of things, this surplus goes mostly to capital, while labour is generally left out in the cold. The labour movement, through trade unionism, fights to force an improvement in the

conditions of employment, and in its determination not to submit to the tyranny and unfairness of capitalism, demands that it only should get the surplus. In protesting against a wrong, it is not content with asking for a redress, but it seeks to perpetuate injustice the other way. Both capitalism and socialism seem to try to maintain distributive injustice. It is Co-operation only which holds the clear and correct view of the situation. What equity demands, Co-operation consents to. The surplus, according to the co-operative organisation of the society, is distributed among the parties concerned in the execution of the common work, that is, shared by capital and labour both. The Co-operative Movement is not something like a halfway house to socialism, as it is sometimes described to be. It is not a compromise. It is an assertion of the principle of equity in the distribution of profits and an emphatic denunciation of either group seeking to swallow the whole.

Apart from its stand on distributive justice, the Co-operative Movement stands out as a protest against exploitation and urges the elimination of unnecessary middlemen. Under the present system, it is the producer only who counts. It is the producer who only is held justly entitled to profits. The consumer is held as the person whose wants, tastes and desires have to be consulted, but who, in the matter of prices, is one who could be exploited. The co-operative system in a spirit of justice and fairness considers the claim not only of the producer but also of the consumer. Co-operation thinks not only of how to secure the maximum profits for all those concerned in production but also of how to secure the commodities for the consumer at the cheapest rates. It is, after all, Co-operation argues, the consumer who is the source of all profits. If people did not buy things, mere production was not going to yield any profits at all. Between these two groups of producers and consumers, there is quite an army of middlemen—the brokers, the wholesale merchants, the retail shopkeepers, the carriers by land and sea, the exporters and the importers. This host of middlemen keeps the two main groups of producers and consumers very much apart. The result is that the consumer pays a heavy price for the articles he needs and the producer receives very little for all his pains and skill, and the difference goes to the middlemen. Elimination of these middlemen, not by reversion to the old days of direct touch between the producer and the consumer but by arranging for the performance of the necessary middlemen's service by the producers' organisations, by the consumers' organisations or partly by the one and partly by the other, is thus the great principle on which the Co-operative Movement depends.

In the present capitalistic ordering of the world, exploitation of the weak is a very glaring feature. Stronger and more advanced countries exploit the weaker and backward ones, trying ever more and more to relegate them to the position of 'hewers of wood' and 'drawers of

water', to keep them on to a predominantly agricultural or pastoral economy, so that they can be the sources of raw materials and markets for their finished goods. It is this hunt for controls, spheres of influence, and markets, that lies at the root of international disputes, and aggression—diplomatic or militant. The slogan of raising the standard of life which is the usual accompaniment of such exploitations is but a continued effort by the affluent to increase the disparity between the standard of life in the advanced and backward lands of the world. If a higher standard of life merely included more material comforts and pleasures and ignores greater happiness which spiritual development connotes, it is obvious that no one country can raise the standard of living of its own people unless it lowers that of the people of other lands. The spirit of brotherhood is sadly lacking; it is not the desire for bridging the gulf and of promoting a general rise in the standard of life in backward lands, so that the people of the world may be more evenly benefitted and the co-existence of high standards of life in Western countries and of extremely low standards in Eastern lands may be banished. This spirit of exploitation can only be eliminated if internationalism is imbued and based on co-operation and goodwill and not on competition and self-seeking. Apart from States, we recognise easily the cult of exploitation still running strong within countries. The *sowcar* exploits the need and ignorance of the borrower, the landlord of the tenant, the contractor of the workmen and labourers, the retailer of the consumer and the broker (*dalal*) of the seller and the purchaser, the producer and the consumer alike. What a world, one lives in? Strength is given into man, so that he can protect the weak and assist them in their effort to advance and develop and not to aid him in self-aggrandisement. After all, the goal of human effort is happiness and happiness is no less when strength is harnessed to the service of others. Restraint of desire and satisfaction realised by service to others are no less constituents of human happiness than continued accretion to personal happiness. Recognition of the brotherhood of man, conception of the human race as a family, service and sacrifice, are the inherent implications of the Co-operative Movement, which definitely sets its face against exploitation, repression, suppression and oppression of all kinds.

Though the Movement is definitely an economic movement, it must not be forgotten that it has a great moral background. It represents a new spirit, the spirit of association, the spirit of self-reliance and mutual help, the spirit of group action and the spirit of harmony animating the impulse towards economic betterment, upward striving and better living. It is a creed; a faith that elevates, that promotes a feeling of brotherhood and inculcates a desire for service to one's fellow being.

The Co-operative Movement besides being a moral movement has also great possibilities in educating the masses in citizenship and political life. It is beyond dispute that the Movement has been powerful instrument

towards the wakening of the country-side and has led to a steady improvement in various directions of the life of the villager. The use of vote, the elective system, self-help, self-reliance, compromise, gives and takes, work on an organised plan, rounding of angularities, are great items in the training up of a citizen and the co-operative societies have been great schools for political and civic education.

The present is an age of Planning. Ever since Russia embarked on the Five-Years' Plans, the world seems to have realised that the British method of "blundering to success" could no longer be followed and that planning was absolutely essential. In India too, Planning is the order of the day. Post-war Planning has become a front rank problem and the Central and Provincial Governments have been busy at it. Departments have been created and have sat down to work. Beyond enunciating a few platitudes and holding forth some wellknown objectives, not much seems to have been done so far by way of concrete schemes for developments in Indian National Economy—in the domain of agriculture, commerce, and industry. It is pleasant to note that in this effort for planning, Co-operation has also received attention and the Government of India appointed in 1945 the Co-operative Planning Committee, whose report will be published ere long.

Planning in connection with Co-operation raises a very important question indeed. Planning to be effective, it is said, implies compulsion by the State and regimentation and this is entirely opposed to the fundamental conception and ideology of Co-operation, which has been everywhere a perfectly voluntary movement. It has been claimed that the old voluntary character of Co-operation must now be regarded as merely the orthodox view and that the new State pulsating with lofty aims and high hopes of speedy nation-building and rapid progress must rope in Co-operation to its service by a large measure of compulsion. This claim, however, is not defensible. Coercion of recalcitrant minorities in a co-operative organisation, in the interests of the members, one can concede as necessary. The dissatisfied minority has at least the option to resign their membership. But to dragoon groups of people and force them to form a co-operative society for a purpose, however good and economically justifiable, is taking away from the whole organisation the essentially co-operative character and free will. Self help and mutual aid for a common economic endeavour cease to be such when they are evoked as a result of the appreciation of the need for joint action for their own economic regeneration. There is, of course, nothing wrong, nay, it is necessary and incumbent on the State to use all manners of propaganda and persuasion to induce people to form co-operative societies. It is even quite legitimate and proper if far reaching and substantial concessions are granted to co-operative organisations so as to stimulate formation of such societies. But planning or no planning, the freedom to join a co-operative society cannot and should not be negated by the State, however national in its outlook and in composition

it might be. It is open to the State of course to form groups and societies for collective action in definite areas for important schemes of economic uplift; but to call them co-operative would just be a perversion of the truth. It is to be hoped that Government in giving practical effect to the recommendations of the Co-operative Planning Committee will recognise this very important and fundamental principle, namely the entirely voluntary character of the Co-operative Movement and will attempt to reach the targets laid down by the Committee and accepted by them through a vastly developed and energised Co-operative Movement stimulated by propaganda, persuasions and concessions and backed by and supported by co-operative leaders, who have a just claim to guide the Movement by their work, experience and scholarship, as distinguished from administrative authority.

There is no doubt whatever that Co-operation has a basic place in national economy. In India, essentially the land of small men in villages and in towns, Co-operation has a much more important place in schemes of economic uplift. India of today is on the threshold of mighty changes, on the eve of independence and the nation will soon be impelled by restless and feverish impatience to work off past arrears and to give a new lead. It is here that Co-operation stands unequalled as the great organised force which must be harnessed ever more and more so that wisely directed and skilfully led, by improved production and marketing, it may enable agriculture from being an industry for subsistence, to raise its head as a vital national industry worked for profit; it may enable small scale and cottage industries to flourish and supplement the resources of a rapidly industrialised India; and convert hopeless and dire poverty into well-being if not affluence. Fitful and spasmodic progress is associated with individualism but even ordered progress and the general raising of the mass level such as India wants is but the result only of the co-ordinated effort of the Co-operative Movement.

WHAT IS CO-OPERATIVE FARMING ?

A REVIEW OF EXPERIMENTS

By

K. C. RAMAKRISHNAN.

Co-operative farming figures conspicuously among the plans of post-war development of agriculture. But the term has been used in different senses, some of them alien to the spirit and tradition of co-operation. Even with co-operators, it seems to be an elastic concept. It is worthwhile noting in what senses it has been used in the past and is still being used and come to an understanding as to the sense in which co-operators at least should use the term.

It is obviously wrong to call farming co-operative, if it is carried on independently by individual owners or tenants, who come together and organize not the whole or any part of the actual process of farming as a joint enterprise, but only the supply of credit, agricultural or domestic requirements, the processing and marketing of produce. These are comparatively easier forms of co-operation, in which a high degree of success has been achieved, if not in India yet, in countries abroad. However much these may aid farming, they cannot constitute farming. On the other hand, it has been held that the acquisition of independent status as small-holders carrying on cultivation individually is a *sine qua non* of the progress of co-operation in the other lines mentioned above, for which the Scandinavian countries have become famous. The agrarian movements of the twentieth century in southern and eastern Europe all point this way. There are eminent co-operators who hold that it is not the aim, and it should not be the aim, of co-operation to do joint farming. For instance, Dr. C. R. Fay, Chairman of the Horace Plunkett Foundation, asserts :

"Co-operation does not extend to the act of farming. Co-operative agriculture does not mean collective farming, but independently operated farms linked together co-operatively for credit, for supply, for processing, sale of produce etc . . . Northern Europe has proved to the hilt that the highest degree of technical excellence is entirely compatible with family farming, but on condition that (i) the land unit is the subject of special state guardianship, and (ii) individual family effort is supplemented by group effort in purchase, processing, sale etc."¹

The role of agricultural co-operation has been delimited as follows by an American writer :

"The real mission of agricultural co-operation is not to bring about a fundamental reconstruction of the business regime but rather to save the farmer from the disabilities entailed by the size of his business and his lack of training in the ways of a commercial civilization . . . It attempts not to displace but merely to perfect the existing economic order.

¹ *Year-Book of Agricultural Co-operation—1943-44*, pp. 63, 64.

"Because of the individualism of the farmer, there are only rare cases of collective cultivation of the soil. With the exception of a few instances in Italy and Russia, which are the result of peculiar circumstances, one would search in vain for genuine examples of co-operative farming".³

II. Co-operative and Communist Colonies

We do not find in the history of the co-operative movement such a clear-cut notion of the limits to which co-operation could go. A number of experiments have been tried, some of them by the pioneers of the movement, at co-operative farming in the sense of joint cultivation of land owned or rented in common by the members.

Some of them went to the extent of abolishing private property in land, in the belief that property was the chief cause of dissensions among men. Some insisted not only on joint cultivation of land pooled together but on the distribution of income according to work done, or even according to needs. There were a few who went still further and prescribed community of dwelling and of consumption. Among them the essentially religious communities founded by the Jesuits and Quakers were the longest-lived, because of the habit of discipline and obedience to St. Paul's command: "Bear ye one another's burdens."

There were agrarian communities called "Enclaves" in America, "little socialistic islands emerging from a capitalistic ocean", where ownership of land alone was common, but not that of anything else. The land was divided into shares and assigned to members for a long period of years, each holder being free to live as he pleases and reap what he has sown. In spite of this it was admitted that "the colonists do not put the same energy into their work as the neighbouring peasants do". Such is the power of permanent ownership of land by individuals.

The Zionist colonies in Palestine founded in the course of the last sixty years for the benefit of Jews were of all types: "from individualistic to communistic, and have passed through every intermediate stage of co-operation". Though they have done remarkably well on the whole, developing the tracts taken up for cultivation, they have had to depend too much on the support of foreign governments, and the Jewish National Fund subscribed for by the rich philanthropic Jews abroad, to be considered self-supporting and therefore entitled to be deemed truly co-operative.

Almost all the societies, co-operative or communist, (not much distinction was drawn between the two) were founded not by common men (like the Pioneers of the Rochdale Store) but by intellectual or religious leaders, whose aim was to "create an environment in which they could find satisfaction for that lofty need of justice and freedom" which they could not find in the world as it was and to "remove class inequality which was the principal cause of social strife and to abolish the main factor in producing that inequality, viz., the pursuit of profit". They wished to

³ *Encyclopaedia of Social Sciences*. Vol. I, p. 521.

make conditions of work easier and pleasanter by making all members do some useful work and by doing away with the needless goods and services. As Charles Gide says, these are worthy ideals but are capable of being realised without going so far as communism or collectivism, which sacrifices family life and individual liberty. The intellectuals as well as the religious disciples indeed got on better as a rule in these colonies, generally founded in foreign countries, than the proletarian followers who would not put up with difficulties, and were less energetic as workers and more exacting as consumers. They indulged in quarrels and made life miserable for themselves and others and ruined the societies. The hope had to be abandoned that men would be changed by environment. What was needed was the creation of new men with ethical and spiritual qualities which are of the first importance in community life.⁴

III. Consumers' Co-operative Farming

Co-operative farming has been conceived in a different sense altogether by the leaders of the consumers' movement, particularly in Great Britain, who developed in the closing quarter of the last century an ideology opposed to that of the agricultural producers' movement which was growing strong in Europe. They believed that production in agriculture as well as in industry could be carried on efficiently, and distribution done equitably, not by small struggling peasants nor by middlemen farmers but by consumers coming together in a co-operative organization on a national scale and carrying on farming on a large scale and on scientific lines as a branch of their manifold activities by wage-paid workers. Originally the Pioneers of the movement had intended to take up farming as a side line on a small scale with a view to providing employment for members thrown out of work in factories. In this they did not succeed, nor were they serious. But the attitude became more aggressive and competitive as the agricultural movement developed all over Europe.

The Co-operative Wholesales of England and Scotland have invested capital, and carried on some notable agricultural enterprises—dairy farms, piggeries, etc.—not only at home, but also in Ireland and Denmark. More remarkable are their joint enterprises in the wheat farms of Canada and the tea estates in Ceylon and Malabar, which are carried on with wage-paid native labour just like any joint-stock enterprise. None of these has been a conspicuous success financially or co-operatively. After alienating the sympathies of fellow co-operators in the agricultural field, they have realised that it is wiser to deal with the great agricultural co-operative wholesales so far as the bulk of agricultural products are concerned. Committees for inter-co-operative relations have been set up at national and international levels. There is at present a better understanding among the leaders of the consumers' movement that farming is best carried on when it is self-directed by the cultivator himself and not managed from above, though he may need a lot of help in other directions.⁶

⁴ Charles Gide, *Communist and Co-operative Colonies*, Conclusion.

⁶ *Report of the American Committee on European Co-operation*.

IV. Joint Leasing Societies

Among the early experiments tried by co-operators was the joint leasing of lands by a society for would-be-tenant members from some big landlords who were induced to rent out their lands to the society partly out of sympathy for actual tillers of the soil and partly out of a feeling of convenience in dealing with a society, which would stand security for members, instead of with a number of farmers. The most notable example was that of the enterprise at Ralahine, which however failed—not because of any fault of the members or the society but because of the bankruptcy of the landlord, whose land was attached by creditors. The modern co-operative Small Holding Association has been successfully leasing farm land from landlords and subdividing it in smaller lots to members for individual cultivation, itself guaranteeing rent payment to the landlords. A number of societies of this type were functioning in several countries in Europe before the war, side by side with the land reforms breaking up the big estates. The *Affittanze Collettive* of Italy were landholding and operating syndicates which acquired or leased and operated land as a whole on a share or cash rental basis. They invested working capital and took risks. They sometimes subdivided and leased pieces of land to different members who wished to carry on cultivation of their own.⁵

The effect of the agrarian movement from 1875 to 1925 in favour of small holdings with ownership or security of tenure was to multiply such holdings and link them together in co-operative organizations for purposes other than actual farming. Many of these small holders, and some large farmers too who were helped to buy up the farms they had been cultivating on lease, involved themselves in debt which they were not able to redeem when prices of produce fell. They had pledged themselves up to the hilt and were not able to borrow enough working capital. Meanwhile there was steady progress in the science and technique of agriculture and in the invention of machinery which required for their full effects to be seen larger sized farms, especially in the cultivation of cereals. Peasant proprietors were conservative by instinct or by the influence of environment. The sentiment in their favour gave way, even in a conservative country like England, to nationalisation of land and mechanisation of agriculture.

V. Collective Farming in U. S. S. R.

In Soviet Russia there were other forces which impelled immediate action in favour of nationalisation of land and collectivisation of farming. Most of the tillers of soil, who had been before the Bolshevik revolution semi-feudal serfs, though emancipated from serfdom and allowed to occupy the lands they had been cultivating, were not permitted to become peasant proprietors as in other European countries, much as they would have liked to do. Lenin and his followers were keen on abolishing private property in land as well as in other means of production and the conversion of old holdings into collective farms for carrying on cultivation jointly and on a large scale, using electric power, tractors, harvesters, etc. His aim was not

⁵ *Encyclopaedia of Social Sciences*, Vol. I, p. 516, *Co-operative Organisations and Post-war Relief*. (I.L.O.), p. 78.

only to change the mentality of the peasant opposed to the revolution but to produce more food crops and raw materials to feed the industrial workers and large-scale industries and to direct the surplus labour on land to such industries. Immense were the difficulties he had to encounter, but his plan succeeded, even if he did not live to see it, because of the power of the State and the enormous natural resources of the country and negatively because of the lack of any tradition of peasant proprietorship in Russia.

Collective farming, as it is practised in U.S.S.R., is by no means the logical development of co-operative farming. It is really different from it. Collective farming is built on the basis of common ownership of land and common cultivation of land by all the members. They are to surrender their individual rights of ownership and of cultivation, if they had any. In co-operative farming members continue to be owners of the land they have agreed to pool together for the purpose of farming for a specified period or for ever. Co-operative farming is an entirely voluntary organisation, though no one has a right to be admitted to membership as a matter of course. In collective farming on the other hand every landholder or the cultivator in a locality has a right to membership; but it is doubtful if he has any option to stay away. Only less than 4 per cent of cultivators are said to remain aloof. Farming is carried on here on a large scale with the use of power and machinery according to a plan laid out by the State from which only slight deviation would be permitted to the controlling body. Co-operative farming is more independent and permits no interference. The workers on the collective farm receive as their remuneration a share of the total income after payment is made for seeds, manures, implements and machinery and a contribution is paid to the State, the share of which has been steadily reduced. The remuneration is distributed among different workers according to the quantity and quality of work turned out, of which a record is kept; and no discrimination is made against women who are engaged in many jobs including the driving of tractors. Co-operative farming pays wages to workers, whether members or not, at prevailing rates and distributes net profits according to the value of the land contributed.

In fact comparisons are not fair between the two, as co-operative farming is still in the region of experiment; it has been attempted only on a small scale and in a sporadic way here and there, while collective farming has been carried on a colossal scale and claims tremendous achievements. Before the war, there were a quarter of million collective farms, engaging 20 million farm families, employing half a million tractors, which ploughed up three-fourths of the land of U.S.S.R. Thanks to the collective farms, the crop area of the country increased by 75 million acres and the grain harvested exceeded 7,000 million poods as against 5,000 million poods of Tsarist Russia. The system, it is claimed, has wiped out the slovenly farming on scattered strips of land, eliminated a multitude of crying wastes in seed, human and animal labour, raised the fertility of soil, weeded out the scrub breeds of stock and replaced them by the best breeds. The

war indeed would not have been won, nor recouping been so rapid without the collective farms.⁶ One development, however, is particularly noteworthy, the concession to the instinct of possession of individual members of the collective farm. Each member can have a dwelling house for his family, a plot of land not exceeding 2.4 acres as garden land attached to the house, 2 or 3 cows, 2 or 3 pigs, 20 sheep and poultry which he can rear, and he can sell them or their products in exchange for consumers' goods at the market. It has been estimated that 60 per cent of the cows and over 50 per cent of pigs and sheep are privately owned.

VI. Experiments in Joint Farming in India

All this is remarkable, almost incredible, but it is very doubtful if the system can be adopted in a country like India wedded to a capitalist economy, where the tradition of private ownership or occupancy of land in small bits has grown too strong in the last hundred years.

Experiments at some form or other of co-operative farming reviewed above have been rare in India, and the few that have been tried have not been promising. There is still a vague faith in co-operative farming as the remedy for many a rural ill. It has yet to be realised that no kind of co-operative farming can succeed without some basic reforms in our rural economy.

For over twenty years now, societies have been organised in the Madras Presidency to enable landless labourers to obtain lands on long lease to be divided among the members for individual cultivation. They were called societies for joint farming; perhaps because it was intended to purchase cattle and improved ploughs to be used in turn by members, who could not each get a holding big enough to support an expensive plough and a pair of bullocks. Such societies were formed specially for the depressed class labourers who used to be engaged as tenants-at-will by the bigger farmers to whom alone the big landlords, individuals as well as institutions like temples and *mutts*, would entrust their lands on lease for a number of years, three or five at a stretch. These tenants-at-will with a precarious tenure were little better than wage paid labourers; they were in fact share-croppers receiving advances of seed, grain, manures and the like from the big farmers and agreed to pay a high share of the produce.

There was no joint farming done by these societies or by those which were organised in the deltas of the Kistna and Godavari, where poor labourers were allowed to take up for cultivation what are known as Lanka lands, which are quite fertile but liable to be submerged by floods. Some of these societies did remarkably well on account of the leadership of a prominent local co-operator and the vigilance exercised by him and his staff.

An experiment in what was called co-operative farming was tried in Nadia district in Bengal by an enthusiastic District Collector. Pieces of

⁶ *Year-Book of Agricultural Co-operation*, (N. Barou), 1943-44, p. 155.

land were taken on lease from some local landholders, and they were consolidated into a few compact blocks of decent size, each of which was entrusted to some cultivators, not all the original owners of the pieces of land. The aim was to find out, and demonstrate if successful, the economies of cultivation on a consolidated larger holding instead of on small scattered plots with a view to induce the owners of the latter to get their holdings consolidated. It is a case of persuasion by demonstration rather than by mere arguments of authorities. The results were said to be encouraging by the inspirer and organiser of the scheme and it received wide publicity.⁷ But we regret to learn that the experiment was not continued on account of the transfer of the District Collector and the lack of enthusiasm of local men.⁸

The authors of the Bombay Plan of Economic Development advocated some such scheme of 'Co-operative farming' though they contemplated 'some measure of compulsion' for carrying it through. What they wanted was consolidation of cropping on holdings which were pooled for a temporary period "without depriving the cultivators of their right of ownership of the existing holdings". Such experiments are not likely to lead to enduring results, and they can only postpone the carrying out of the only solution for the evil of excessive fragmentation and subdivision—the pooling of all pieces of land, by compulsion if necessary, and their restripment and distribution in compact blocks, none of a size too small for engaging the labour of a cultivator and his family. Rights of ownership may be respected and borne in mind in the reallocation of holdings and their valuation; but there should be no insistence on restoring particular pieces of land to original owners nor should the latter be compelled to cultivate their own holdings.

It is not necessary in the interests of agricultural efficiency that every piece of land should be cultivated only and always by its owner. While preference should be given to owner cultivators in new assignment of lands, it must be recognised that there are occasions when owners of old lands may have to entrust their lands to tenants for a while, if not for ever, e.g., widows and minors belonging to cultivating families. There are again certain crops which are best cultivated by tenants with special skill and experience but cannot be cultivated year after year on the same land—crops like plantains, sugarcane, betel-vine. These tenants are not anxious to stick on to a particular piece of land and try other crops. They are more anxious to take on lease different pieces of land and try their crops on them. A society of tenants might indeed do a great service to them by the joint leasing of lands and distributing the same to individual cultivators. Some parts of farming like the digging of trenches and ridge-ploughing might well be attempted by the society itself. In fact, it has long been the custom for betel-vine cultivators in parts of Madras, who require just a few cents of land each, to take on joint lease a large area and also perform

⁷ *Co-operative Farming*. By S. K. Day.

⁸ *Vide The Indian Co-operative Review*, 1946, Pt. I, pp. 96, 97.

some other services before subdividing it among themselves for cultivation of the vine.

VII. Land Colonisation Societies in Madras

Land colonisation societies in Madras have been hailed by some as co-operative farming. The societies have been organised in the last twenty years mostly for the benefit of the depressed classes who are generally landless labourers. The idea is to settle them on land classed as cultivable officially, but has not been taken up for cultivation, for one reason or another. A lot of help has to be given to induce people to settle: clearance of scrub jungle, laying of roads, digging of wells for drinking water, the erection of huts for dwelling, etc. The Government of Madras gave a lot of help in these matters, and gave each of the settlers a five-acre compact plot to be brought under cultivation. But only dry cultivation was possible, as it was beyond the means of anyone of these poor settlers to dig a well. Each colony had a co-operative society which raised or obtained funds from the Government or the district Co-operative Central Bank, on the pledge of land, for the purchase of cattle, implements and seeds but not for the purpose of joint cultivation. The recovery of dues has been a rather hard task for one reason or another: the precariousness of rain-fall, the destruction of crops by wild boars and the frequent absence of the settlers themselves from the colony. In fact some of the colonies visited by the writer of this paper looked deserted because of the ravages of malaria. The settlers having had a taste of that disease go back to their original homes and resume their former work as farm servants or casual labourers. But they are loath to surrender their easily gotten land of five acres in the colony. They come and plough, sow seeds and go away, entrusting the growing crop to one or other of those who continue to live in the colony, and come back again only to reap and carry away what remains of the crop. The colonists have not been well-chosen. Several of them continue to be farm servants under big landlords in the neighbourhood with whose influence they have been able to secure a place in the colony. They cannot be blamed for doing this, as a five-acre plot without a well cannot provide enough work for a cultivator and his family except for some days in the year—perhaps 40 or 50 days. If each five-acre plot had a well, there would be little excuse for the settlers to absent themselves. A garden land of five acres would provide enough work practically all through the year for an ordinary family and provide much more produce than what is needed for their standard of living.

VII. Conclusion

To sum up past experience, farming carried on as a joint enterprise on orthodox co-operative lines has been very rare indeed. Attempts made in the name of co-operation, but deviating from its accepted principles, have not been successful either. Collective farming of U.S.S.R. may be a material success; but it is not co-operative farming. It is not voluntary; it gives little freedom or initiative to the individual working on the farm. The

control of joint enterprise is authoritarian, not democratic; and policy is dictated from outside. The worker can have none of the joy or pride of possession and the stimulus for work and resourcefulness associated with peasant-proprietorship, though not all smallholders exhibit these qualities. Most of the schemes of farming tried by co-operators abroad aimed at the acquisition, ultimately if not immediately, of an independent status for each member as a peasant-proprietor or tenant with well-secured occupancy rights. But little has been attempted or achieved on these lines in India.

Joint farming on co-operative lines right through all operations may not be necessary, or easy to work in India, as it has not been easy anywhere else. There is, however, scope for joint endeavour by co-operatively minded farmers at particular stages of farming. For instance, on lands newly taken up for cultivation, reclamation would be greatly facilitated by joint effort, while individuals might well despair of any achievement. The use of tractors, road-graders, bull-dozers and heavy sub-soil ploughs is beyond the means of small operators, while it would be too petty a task for the State to undertake except through a co-operative society. Even on old cultivated land joint effort would be more economical in respect of deep-ploughing by tractors, digging trenches in the fields of sugar-cane or plaintain, lifting water from wells by power-pumping, protection of crops from boars and other wild animals and in the harvesting and processing of certain crops.⁹ On the other hand, detailed attention to plants from sowing to harvesting, the control of certain pests and care of livestock are best left to individual cultivators themselves. As for the supply of credit, and buying and selling and insurance, there can be no easy substitute for co-operative activity, at any rate for smallholders. But this is not co-operative farming.

Even partial co-operative farming, nay any form of co-operation, is not likely to make much headway in our country without some rationalisation of our existing rural economy. The evils of excessive sub-division and fragmentation must be dealt with first. The new holdings should be compact and each of a size that would engage the labour of a cultivator and his family. Rent should be fixed at reasonable rates and security for tenants assured on certain conditions. Landless labourers, who would be needed at certain times, should be enabled to get at least living wages. The agency that can take up all this work is the reconstituted village community with its Panchayat, on which all elements—land-owners, tenants, labourers and consumers—should be represented. The details of the constitution and functioning of such a body are beyond the scope of this article.¹⁰

⁹ For similar work carried on in 'Rural Communities' and 'Land-leasing Co-operatives' in U.S.A. vide the article by M. Columba of the I.L.O. on 'The Work of the U.S. Farm Security Administration' in the *International Labour Review*, Jan-June, 1941.

¹⁰ Vide Tarlok Singh's *Poverty and Social Change*.

THE MEANING OF CO-OPERATIVE FARMING

By

TARLOK SINGH, I.C.S.

At one end, the phrase "co-operative farming" is used to describe a system in which holdings of individual farmers remain distinct, but Co-operation is extended to a number of operations, such as buying, selling, use of implements, etc. In other words, there is co-operation in a number of directions, but not in farming. Co-operation in farming may be organised at different levels. It may be limited to the pursuit by separate individual farmers of common agricultural practices, for instance, in the use of seeds, in rotations and in irrigation arrangements. Or, it may extend to the pooling of land belonging to different farmers, so that their holdings together constitute a single farm, operated jointly by the various participants.

The first point for consideration is whether the words "co-operative farming" should be used as a substitute for what has come to be known as "multi-purpose co-operation", or whether they should imply actual merging of separate farms into larger units. To let both ideas be represented by the same expression according to context or local circumstances, would obviously be an error. It is suggested that the words "co-operative farming" should not be used as synonymous with "multi-purpose co-operation" and should imply a system of farming, of which one element, at any rate, is the merging of small separate farms into larger farms.

Disappearance of individual holdings is a feature common to co-operative farming as well as to what is known as collective farming. Thus, to get a clear conception of "co-operative farming", the phrase must be distinguished at one end, as we have done already, from multi-purpose co-operation, and at the other, from 'collective farming.' The second distinction is both more difficult and more subtle than the first. We can arrive at it best by asking three crucial questions which arise whenever an attempt is made to bring together into a single farm a number of distinct individual holdings.

The first question relates to the place accorded to the rights of ownership in holdings which are organised as a co-operative or a collective farm. In both, the land will be *managed* jointly or collectively. But under collective farming, ownership passes to society as a whole; in co-operative farming, on the other hand, ownership vests in the parties who contribute the land. Each party may retain an element of individual rights, a claim, for instance, to some kind of return in virtue of ownership. It is possible for ownership to vest, not in individuals separately, but jointly in the group of individuals pooling their *own* land into a single farm. If the rights of ownership were liquidated by payment of outright compensation, the resulting system would not be one of co-operative farming. The distinction between

co-operative and collective farming turns on whether or not the individuals who contribute the land have a right separately or jointly, to a recurring income due to their rights of ownership or occupation. This return may be the same for all, irrespective of the amount of ownership involved, but, as a rule it is likely to be proportionate to the value of the initial contribution made by each owner to the farm. There is thus a continuous acknowledgment in one form or another of the formal rights of ownership. As group ownership is a rare event, co-operative farming is commonly associated with recognition of separate individual rights of ownership. Under collective farming, the participants have only one kind of income—that due to work; but, under co-operative farming, those who have contributed the land are entitled to an income on account of their land, etc., apart from anything they may earn as worked.

The second question which we have to ask is related to the place of *consent* in co-operative and collective farming. Historically, largely from Soviet experience, there is in the minds of most people, an association of ideas between collective farming and *force majeure*. There is, however, no such necessary or logical connection between the two. Community ownership may be established by the exercise of force on the part of dispossessed elements; on the other hand, it can also be secured through payment of compensation. In the latter case, if the acquisition of rights is compulsory, there is no question of consent. But equally, circumstances can be envisaged in which the surrender of rights against compensation takes place voluntarily. Similarly, it is possible to conceive of a system of compulsory co-operative farming, in which some ownership dividend is allowed, being enforced by the State on the basis of special legislation on the subject.

The third question to which we may refer is the manner in which work is organised and evaluated under co-operative and collective farming. Both systems allow for the fact that all individuals cannot be equal as workers, nor can all forms of work be rewarded equally. In both, therefore, we have differences in income arising from differences in output of work, in skill and capacity, and in the nature of functions performed.

To sum up, the essential elements of a system of co-operative farming are :—

(1) Individual holdings are physically pooled together into a new unit of management.

(2) The parties contributing the land retain a title to a recurring return (exercised individually or as a group) arising from the rights of ownership or occupancy. It is not material to the definition whether or not the individual owners have the right to withdraw their holdings physically from the co-operative farm. But it is at least essential that if anyone wishes to leave the farm, he should receive due compensation for the rights finally surrendered by him.

It is in the first particular that co-operative farming differs from multi-purpose co-operation ; it is in the second particular that it differs from collective farming. Co-operative farming implies, equally with collective farming, a system of joint or collective management of land and differential incomes arising from differences in output and value of work. It is not correct to suggest that collective farming necessarily implies mechanised farming, but it is true that to the extent machinery is used, it is possible to standardise operations and implement a system of work-day units.

Having arrived at a definition of co-operative farming, which would hold good anywhere, in Indian conditions we have to ask two further questions :—

(i) What is the unit of co-operative farming ? Do we contemplate that groups of individuals, with perhaps contiguous areas, will come together ? Or is the unit to be a village or some area still larger in size ? Opinions may differ on this issue but there will be wide support for the suggestion that as a rule the *village* should be the unit of co-operative rural organisation in India. Smaller combinations are apt to be quite unstable, and will often prove inadequate both economically and from the aspect of organisation ;

(ii) Is co-operative farming by itself a sufficient end for agricultural reorganisation in India ? It would not be enough to organise farming in a village on co-operative lines. Though farming is the crux of the problem of village organisation, we have to extend the notion to all the resources of the village, including men, animals and land, and, in fact, to all aspects of social life. In other words, co-operative farming is only a major aspect of the co-operative village.

If these questions are answered in the manner suggested above, the concept of co-operative farming grows into the more definite concept of "*joint village management*" which has been worked out in some detail in "*Poverty and Social Change*". It is suggested that this latter expression states the essentials of co-operative farming and also stresses as the central theme the basic importance of the village and the need for the common organisation of its entire social and economic life. The expression is new and has still an unfamiliar ring. It has the merit, however, of conveying precisely and briefly the complex of ideas which together form the core of any fundamental programme for the reorganisation of India's rural society. Moreover, it is in line with the historical *evolution* of the rural social structure in many parts of the country.

CO-OPERATIVE FARMING IN CANE-GROWERS' CO-OPERATIVE SOCIETIES IN BIHAR

By

SINGHASANI PRASAD, M. SC., B.L.,

Senior Special Officer, Cane-Growers' Co-operative Societies, Bihar.

The yield of sugarcane per acre in Bihar compares very unfavourably with that of Java and some other countries in the world. It is about 11 tons per acre in Bihar as against 55 tons in Java.

The main reason for this is that the manufacturers in India do not generally produce the cane from their own extensive plantations round about their factories ; but they depend on a large number of agriculturists with small holdings of about $\frac{1}{2}$ acre each on the average, independent of one another and working without any definite system, industrious but lacking capital, resources and scientific knowledge and consequently incapable, in the absence of any guidance, of making use of modern and scientific methods of efficient cultivation, crop rotation, manuring, etc.

With the idea of increasing the yield of sugarcane and other crops per acre by cultivating the land on scientific basis, members of eight Cane-growers' Co-operative Societies have agreed to surrender their right of cultivation (only) of the plots which make a consolidated holding of about 50 acres each to the co-operative farm managed by a sub-committee consisting of members elected by the persons joining the scheme. It may be mentioned that in some cases, growers who are not members of the Cane-growers' Co-operative Societies, have also joined the co-operative farm for collective cultivation. In rotation, other crops than cane are also grown on these farms.

Rules of business for the co-operative farm have been drawn up (copy appended), which will give an idea of the actual working.

Cultivators generally do not like to part with their individual management and control, and some of them create difficulties from time to time in executing these projects. It appears that the only way of popularising the experiments is to give substantial inducement to the cultivators at least in the initial stage. We are trying to replace individual initiative and efforts and want to demonstrate the superiority of collective farming over scattered holdings. Collective farming affords scope for cultivation on scientific lines and it would be idle to expect that cultivators whose holdings have been taken will realise the necessity for new items of expenditure till we have fully demonstrated to them the advantages of this course.

A synopsis of the work done at the places where the experiment has been started is given below :—

(1) Bithauli : The farm is situated at a distance of about three miles south of Bhawanpore Railway Station, O. T. Railway, and comprises a

compact block of 46 acres immediately to the west of the District Board road, and of this a block of about 22 acres has been planted with sugarcane. Arhar was grown on about 3 to 4 acres of land and wheat in about 12 acres. Arhar was fairly successful but the wheat crop was a failure. The intention of the management is to grow maize in 22 acres of the now fallow land and vegetables in the remaining two acres. The yield of maize in the farm last year was about 9mds. per acre, as against 4mds. in the locality. There is a plan of increasing the acreage by 80 acres on the other side of the road, immediately east of the existing block. Two wells have been partially dug in the farm, but due to want of bricks and cement the work is at a standstill. Efforts have been made to procure bricks and cement. Sitalpore factory has advanced a loan of Rs. 5,000 which has been advanced to the members for purchasing 9 pairs of bullocks.

(2) Jhakra: The farm is situated at about 11 miles from the Motihari factory, towards the south-east in the reserved area. The nearest Railway Station is Jhuthara, O. T. Railway. The farm covers an area of 23.85 acres belonging to 12 members. The entire acreage is put under cane. There was maize in 7.08 acres of land last season, which yielded 94 mds., i.e. say 13.5 mds. per acre. It may be mentioned here that the farm was started with 8.8 acres only. It is the better yield of maize which has attracted more growers. Motihari Union and Motihari factory are financing this scheme.

(3) Pandeytola: It lies at 7 miles north of Majhauria factory in its reserved area. 9.8 acres of land belonging to 8 members is under the farm. There was gram in 4 acres of land and the rest has been put under cane. Majhauria Union is financing this scheme.

(4) Silout: Nothing substantial has been done in this farm. Two blocks of 22 acres each were surveyed and records of rights and maps prepared. Due to some difficulties, experiments in these blocks could not be started. Attempts are being made to start the experiment in other plots.

(5) Churiharwa: The farm lies in the reserved area of Harinagar factory, at a distance of about 10 miles north of Harinagar Railway Station. It covers an area of 98 acres of land belonging to 10 members. It is in four blocks. Last season 25 acres of land was under cane. About the same area is planted under cane this season too. The Harinagar Union and Harinagar factory are financing this scheme. There is a proposal of erecting a wooden pile-bund at the north of a "Nala" coming via Sukharwa river. This will supply sufficient water after it is desilted to irrigate about 1,500 acres of land. Members have collected the materials and the proposal has been placed before the sub-divisional committee under minor irrigation scheme for consideration.

(6) Hajipore: The farm has just been started. A block of 18.8 acres has been selected, and preliminary steps are being taken up. The lands belong to 5 members of Hajipore Cane-growers' Co-operative

Society, and is situated in village Harkhua just near the Harkhua factory in Gopalganj sub-division in the reserved area. The land has been laid out in the three blocks—in one of which there was peas crop, in another wheat and in the third, cane has been planted. The Gopalganj Union is financing this scheme. One well has been recommended by the sub-divisional committee under the minor irrigation scheme.

(7) Kanhauli: Kanhauli farm is situated in the reserved area of Sakri factory. The work has not been satisfactory for want of local interest. Six members of the Narpalnagar Cane-growers' Co-operative Society have offered their lands, which cover an area of 85 acres. A committee of management was formed with 8 members. The farm got an advance of Rs. 2,000 from the Sakri factory including manures worth Rs. 299-8-0. Out of this amount Rs. 1,000 was given to Babu Chandreshwar Prasad Singh, a member, for purchasing and keeping a pair of bullocks for use of the farm. All these are arranged, but the demarcation lines of the lands of the individual members have not been demolished. About 10 acres of land was put under cane cultivation, 8 acres of land was selected for paddy and 4 acres for maize cultivation.

(8) Nayanagar: 18 members of the Nayanagar Manmath Cane-growers' Co-operative Society in the Rosera area consented to start the co-operative farm with an area of about 55 acres. A sub-committee of 3 members was formed, which was later on extended to 7 members. When the survey work started two of them vehemently opposed the scheme and have since withdrawn. Out of the 16 members, 14 have so far signed the bonds. The survey work has been completed and a map has been prepared. Some confusion also took place at the time of breaking the boundaries of the lands of the individual members and the work had to be suspended. Some petty faction also existed amongst the members. In 10 acres of land, cane has been planted individually and in the rest Bhadaï crop is expected to be grown, collectively.

It will appear from the above that a small beginning has been made and an idea of co-operative farming has been introduced, not without success, among the cane-growers of different areas.

APPENDIX

RULES OF CO-OPERATIVE FARMING IN A CANE-GROWERS' CO-OPERATIVE SOCIETY.

How to start:

1. The members of a Cane-growers' Co-operative Society may take up co-operative farming.
2. Before starting co-operative farming, the subject shall be discussed and the scheme of co-operative farming approved by the general meeting of the Society.

Sub-Committee:

3. Any member of the Cane-growers' Co-operative Society in which Co-operative Farming is to be started may join the scheme. A non-member may also join, but he will have neither any vote nor will be qualified for election as an office-bearer or a member of

the Committee of Management of the society or a member of sub-committee of a farm. He will, however, be entitled to the proportionate share in the profit earned by the co-operative farm. The members shall execute an agreement in Form 'A' and the non-member in Form 'B'.

4. A sub-committee consisting of not less than 3 and not more than 5 members elected by the members taking part in the co-operative farm will be formed. The sub-committee will consist of one chairman, one executive officer and members of the sub-committee.

5. The sub-committee shall meet ordinarily in every month. In addition to the meeting mentioned above emergent meeting may be called by the executive officer on the requisition of (a) The organiser-in-charge, (b) The agricultural overseer-in-charge, (c) The president, or (d) any two members.

The executive officer may call an emergent meeting whenever he considers it necessary.

6. The executive officer will be directly in charge of the farm and will be responsible for its proper working.

Preliminary works to be done:

7. The area in which the co-operative farm is to be started should be in one compact block as far as possible.

8. The total area shall be surveyed under the supervision of the organiser-in-charge of the area by a competent amin and a map of the existing plots showing the plot No. and the boundary of the block shall be prepared.

9. A document showing the village in which the plot is situated, Khata No., Khasara No., area of the plot, title of the member in respect of each plot, rent or revenue payable to the landlord or Government, shall be prepared in Form 'C'.

10. The block of land under the co-operative farm should be bounded and fenced in the manner as advised by the Agricultural Engineer.

11. The existing boundaries of the plots should be removed and the whole land should be made into one block. In consultation with the District Agricultural Officer, sub-blocks should be laid out.

12. Irrigational project should then be taken up. The means of its executions should be discussed and passed in the committee of management, in which the organiser should also be present.

13. The executive officer shall prepare a programme of yearly crop rotation, the quantity of manure to be used and purchased, the quantity of seed to be used and purchased, the sets of implements to be used and purchased, and the buildings and sheds if any to be constructed by the 30th April every year in consultation with the Agricultural Overseer-in-charge of the area and shall get it discussed and passed by the sub-committee. A copy of the entire programme should be sent to the Assistant Registrar, Cane-growers' Co-operative Societies, through the organiser-in-charge.

Financial:

14. (a) The financial year of the farm will commence from the 1st August and end on the 31st July.

(b) The executive officer shall form yearly budget of estimated income and expenditure in consultation with the organiser-in-charge of the area, and get it discussed and passed by the sub-committee in which the Agricultural Overseer should also be present. A copy of the budget shall be sent to the Assistant Registrar, Cane-growers' Co-operative Societies, through the organiser-in-charge for his approval.

(c) Supplementary budget, if necessary, may be presented by the executive officer to the sub-committee at any time during the year, a copy of which should also be sent to the Assistant Registrar, Cane-growers' Co-operative Societies, for approval through the organiser-in-charge.

(d) All items of expenditure shall conform to the heads and limits as given in the approved budget provided appropriation of the one head by another on the expenditure side may be done by the executive officer with the approval of the sub-committee and the organiser.

(e) All bills of expenditure and vouchers for payment shall have to be duly passed by the executive officer.

(f) All these bills must be presented to the organiser-in-charge for scrutiny before they are passed by the executive officer and encashed by the claimant.

(g) All cash balance except the permanent advance will ordinarily remain with the treasurer of the society.

(h) The treasurer will maintain a treasurer's pass book as prescribed by the department.

(i) Cash balance should not be unnecessarily kept by the treasurer. It must be immediately deposited in the bank or the post office in which the society may have its account.

Working:

15. (a) At the commencement of the scheme, the farm will not possess any bullocks. In employing labour bullocks and ploughs for carrying out agricultural operations first preference will be given to members and non-members who may have joined the co-operative farm. In case the offer of services for the purpose of manual labour, bullocks or ploughs be more than those required, care shall be taken to maintain equity in the elimination.

(b) The wages of the items mentioned above will be calculated at the prevailing rate in the locality, which may be paid either in cash or in kind.

16. The land of each member or non-member under the co-operative farm will be classified according to its quality and the profit earned by the farm will be disbursed according to the area and the quality of land. It is therefore desirable for the sub-committee to assess the quality of land just when a member or non-member joins the farm.

17. The executive officer shall maintain separate cash book, minute book and stock register in the form prescribed by the Department showing the stock of grain, seed, manure, implements and all other articles connected with the co-operative farm.

18. A separate balance sheet and profit and loss account in respect of the co-operative farm will be drawn up by the executive officer with the help of the organiser-in-charge of the area within 31st August every year, a copy of which shall be forwarded to the Assistant Registrar, C. G. C. S., through the organiser.

19. The executive officer shall maintain or cause to be maintained (a) an attendance register for permanent employees, (b) acquittance roll for permanent employees, and (c) a muster roll in respect of casual labourers.

The payment to permanent labourers shall be made monthly on the basis of acquittance roll scrutinized by the organiser as laid down in 14 (f) and the wages of the casual labourers may be made either daily or weekly on the basis of the muster roll without scrutiny by the organiser, but the muster roll shall be prepared in duplicate and a copy shall be sent to the organiser daily.

20. The appointment of permanent employees shall be made in the manner which may be prescribed by the Registrar from time to time.

21. The leave to the permanent employees shall be granted in accordance with the Bihar and Orissa Service Code by the executive officer and leave account shall be maintained.

22. The executive officer shall prepare every year on the 1st August a list of holidays for the employees of the farm.

23. If the executive officer leaves the village for more than 3 days, he will put a man in charge to work in his place and inform the organiser.

24. The executive officer and treasurer may be paid honorarium by the sub-committee at a rate approved by the Assistant Registrar of the area.

Funds :

25. The Sub-Committee may receive grant and subsidy from Government for the purpose of the co-operative farm. For the purpose of financing the farm the sub-committee may borrow money from the factories, members or non-members or from any other source to the extent and on such terms as may be approved by the Assistant Registrar, C.G.C.S. of the area.

Appropriation of profit :

26. After carrying the depreciation at the prescribed rate on block capital, live and dead stock, the profit of the farm will be appropriated as follows :—

- (a) 35 per cent Reserve fund,
- (b) 10 „ Repairs and renewal fund,
- (c) 5 „ Working capital fund,
- (d) 50 „ Distributable to the members and non-members joining the farm.

Provided that if in any year if the profit is not adequate, nothing will be carried to depreciation account and a small percentage or nil as approved by the Assistant Registrar may be allocated to items (b) and (c). All the grain will be calculated at the market rate as on the 31st July and the profit will be calculated in terms of cash. The members and non-members will have an option to take the profit either in cash or in kind.

Use of the Funds on Dissolution of the Society Farm :

27. In the case of dissolution of the co-operative farm, the Reserve Fund shall be applied to such purposes as may be determined with the approval of the Registrar by the majority of members joining the farm.

Other funds will be divided amongst both the members and non-members joining the farm according to the area, and quality of land as laid down in rule 16.

The articles, buildings, etc., belonging to the co-operative farm will be sold by auction and the proceeds divided amongst the members in the manner laid down in rule 16.

FORM 'A'

Form of agreement to be executed by a member of Cane-growers' Co-operative Society joining the farm.

I, son of
Member of Cane-growers' Co-operative Society
resident of village P. O. District
hereby agree to join the co-operative farm *(to be) started in the said society and to give my land specified below to the society for the purpose of co-operative farming and I also agree to abide by the rules of the said co-operative farm.

In the event the society discontinues the scheme of co-operative farming, the land which I have given will revert to me if I am alive or to my heir or nominee if I am not alive and the demarcation of my land will be made by the society at its own expense, as it stands on this day according to statement 'C' to which I have put my signature.

No permanent fixture shall be constructed on my land without my previous consent. No damages shall be claimed by me or my heir, or my nominee as the case may be, for erecting any irrigational project on my land nor the society shall claim any compensation on the ground of improving my land. In case of any dispute, the matter will be decided as laid down in section 48 of the Bihar and Orissa Co-operative Societies Act VI of 1935.

Signature of the Exec. Officer of the farm. Signature of the person joining the farm.
Date Date

FORM 'B'

(Same as above except the words "member of" Cane-growers' Co-operative Society ")

Note :—Delete "(.)" when a member or non-member joins the farm after the farm has been started.

CO-OPERATIVE FARMING IN COCHIN

By

N. N. DHARMARAJA IYER,

Supervising Inspector of Co-operative Societies, Cochin State.

Cochin is a small Indian State, only 1,263 square miles in extent, 600 square miles of which consist of forests. The population in 1941 was 1,422,875. All castes and communities are found here; but the majority of the people are Hindus.

Like the rest of India, Cochin is also mainly agricultural. The primitive methods followed by the agriculturists coupled with the smallness of the individual holdings have actually impoverished the agriculturists here also.

Nowadays, however, they have begun to show some interest in modern systems of agriculture and in joint cultivation of holdings. They have, with the help of the Co-operative Department, begun to form themselves into joint collective farming societies. Now, there are three such societies. This article deals with the activities of one such society, viz., the Anamalai Collective Farming Co-operative Society.

To intensify the 'Grow-More-Food Campaign', the Cochin Government threw open large areas of its forest land for cultivation. In the first year, Government itself cultivated these areas. From the second year onwards, these were assigned to individual agriculturists. At this juncture, 56 of these agriculturists who got assigned to them 101 acres of lands, at one to two acres each, formed themselves into the above collective farming society.

Membership : The share capital of the society is Rs. 4,000 made up of 400 shares of Rs. 10 each. The society has members of all castes. It has capitalists who help the society with funds, pure agriculturists who help raising crops under improved systems of agriculture, and farm-labourers who supply labour. Those of the members who could not pay up their shares in cash are allowed to work in the society and a portion of their earnings per week is transferred to their share capital. Of the 224 members who have taken 400 shares in all, 92 are agriculturists, 74 are agricultural labourers and the remaining 58 persons belong to other professions. Some of the agricultural labourers hold 3 to 4 shares each. Unlike other places where there is cleavage between capital and labour, there is, in this joint endeavour, identity of interests among all concerned. The wages paid are fair—over and above wages, mid-day meals are also provided.

Activities : Only fifty-seven acres were cultivated in the year 1944. Paddy alone was raised. The society spent Rs. 3,660 for removal of undergrowth and other operations. Out of this it was able to realise only Rs. 642 on account of the paddy raised. The loss of Rs. 3,000 and odd was brought about chiefly by lateness in actual possession of land, the bad quality of seeds and the unfavourable rains.

In 1945 eighty-two acres were cultivated. Paddy, tapioca and vegetables were grown. The following were the amounts spent and realised under the several kinds of crops :

CROPS,	EXPENSES.	RECEIPTS.
	Rs.	Rs.
Paddy ...	1,763	1,916
Tapioca ...	1,459	5,500
Vegetables ...	113	242
Total ...	3,335	7,658

The net gain was thus Rs. 4,323.

In 1946 also eighty-two acres were cultivated. Of these the acreage under paddy was 42. The rest were taken up by tapioca, banana and other plantains, yam and other vegetable crops. Of these tapioca alone has been harvested and marketed. The rest of the crops will be harvested in about three months.

Tapioca was a bumper crop this year. Against an expense of Rs. 1,720 it brought in Rs. 16,856, i.e., a gain of more than Rs. 14,000. The others are also likely to yield decent profits.

Management : As in other co-operative institutions, the management is thoroughly democratic. There is the general body which is the supreme authority. Under it, there is a committee of seven consisting of the President, Secretary, Treasurer and four other members. The Registrar of Co-operative Societies, Cochin, exercises a healthy control.

Profits : The net profit is divided as under —

Statutory reserve fund	... 25 per cent.
Implements fund	... 2½ "
Common good fund	... 8½ "
Bonus to committee	... 2½ "
Dividend on shares subject to a maximum of 6½ per cent on paid up shares	... 6½ "
Rebate to landowners (in proportion to land brought under cultivation by each member).	60 "

This society is slowly coming up after the heavy trials and tribulations that had been its lot for the first two years. The members are very enthusiastic and if things go normally, it has a bright future before it. Its only drawback, if drawback it can be called, is that all the members are not actual cultivators and do not also actually settle on the lands. The place is malarial and this scares away many from settling on the lands. They are, however, almost always on the lands. In course of time, when the lands are rid of malaria, actual settlement may be possible and can be expected.

In regard to the two other co-operative societies engaged in collective farming, they are younger and are pulling on. They may also come up like the above society. The Co operative Department is very sympathetic towards these new ventures. It is hoped that the benefits of collective farming achieved by these institutions will serve as an eye-opener to other agriculturists and that similar societies will get registered in larger numbers ere long.

REVIEWS

WHITHER AGRICULTURE IN INDIA—By Dr. Baljit Singh. (N.R. Agarwal & Co., Agra—1945 : pp. 342—Rs. 8.)

This book provides reliable information on a number of rural economic problems. The facts and arguments are summarised from wellknown text-books, reports of committees and commissions of enquiry and, less frequently, from articles in periodicals like the *Indian Co-operative Review*. The claim that "it offers useful guidance to the future architects of (our) agricultural economy" and that "it puts the fundamental facts so clearly as to leave no excuse for an intelligent reader for not being able to make his own judgement about them" is not well sustained.

We shall in this review offer a few comments on the treatment of agricultural credit and co-operative organisation covering 65 pages of the book. The normal credit needs of agriculture in India are assessed on obviously arbitrary lines. It is said that in Europe, the amount of farming capital ranges between 66 and 100 per cent of the value of the land but that in India as "the intensity of cultivation is very low, the value of livestock, farm implements and circulating capital may be taken to be roughly half of that of land." These are questionable generalisations for a country where natural conditions and agricultural practices vary very widely. The value of land in British India is estimated at Rs. 1,200 to Rs. 1,500 crores, and the need for credit at Rs. 600 crores at the existing level of cultivation. The latter is guess work; the former (the value of land) is a gross underestimate even for pre-war years, when land values were in general a third of the present inflated prices. We would prefer the assessment of credit needs in agriculture to be done by local co-operative societies and land mortgage banks, as and when occasions arise, leaving nation-wide estimates to ambitious economists and dilettante planners.

After citing instances of exactions by the subordinate revenue staff in the Punjab in the administration of loans, and the verdict of the Land Revenue Commission of Bengal against State management of agricultural credit, our author advocates, without any arguments, the formation of State banks having branches in *tehsils* and doling out both short and long-term credit and serving as agents of the Reserve Bank—which is itself not in favour of Governmental machinery for the purpose.

In dealing with the recent measures for debt relief, facts and figures are allowed to speak for themselves too often. But there are some sound comments too *viz.*, there has been no adjustment of relief to the repaying capacity of debtors; tenants and petty cultivators have received far less protection than landowners; fixing of the rate of interest by statute has created a black market in credit.

The treatment of co-operative organisation is not quite suited to beginners—students or general readers. The author begins to comment before he explains and seems to take for granted a knowledge of first principles. Figures of progress of co-operative societies are furnished only up to 1940-41, when the effects of the World War II—injurious as well as beneficial—were hardly begun to be felt. The observation that “the agricultural societies are in a hopeless state” and that “half of the amount of loans is overdue” could not be made, at any rate of Madras province at present. Old arrears have been paid off in many primary societies, advance repayments have been made in land mortgage banks and the problem is to find outlets for funds that are pouring in many of the financing banks.

It is not fair to judge the worth of a movement merely by the number of its adherents or the direct pecuniary benefit it has conferred. The general lowering of the rate of interest by money-lenders and the training villagers have received in the handling of money and in elementary banking principles are no mean gains.

The author's review of the working of Raiffeisen societies and of the controversy on the need for the revision of the system is all too brief and inconclusive. The importance he wants to attach to non credit activities is not supported by the attention he has given to different types of them. He seems to swear by the Reserve Bank's views on almost every co-operative problem. For instance, in Madras, he says “the activities of the marketing societies have been confined to single purpose and as such have little utility and appeal”!

While the author supports unreservedly the multi-purpose system of the Reserve Bank, apparently unaware of its failure wherever it has been tried, he goes much farther than the Reserve Bank and wants the entire economic activity of all the individuals in the village to come under the direct control of the co-operative society. He wants, during the transitional stage from private economy to co-operative economy (of his vision), the State to pass suitable legislation for the prohibition of private sales of village produce, Government purchase of surplus at a premium. He wants a rigid system of controlled prices, guaranteeing producers a fair deal in the disposal of their produce and in the supply to them of all necessities of life and even a few comforts. He would apply some measure of compulsion to unearth hoardings and idle money. He would have payment of minimum wages assured through the society. He would finally merge all holdings in the village into a single big ‘co-operative farm’, really a collective farm of the U.S.S.R type.

Co-operators would have no truck with this compulsory utopia to which Co-operation is to serve as a stepping stone.

ECONOMIC PLANNING AND AGRICULTURE. —By A. N. Agarwala and three others. (*Kitabistan, Allahabad—Rs. 3-12-0*).

This is a polemic on the relative role assigned to agriculture in the Bombay Plan of Economic Development. Mr. Agarwala contends that in this plan a subordinate role is assigned to agriculture, judged by the target fixed for increase in output (130 per cent as against 500 per cent for industrial development)—even though agriculture would employ at the end of 15 years 58 per cent of workers in the country, while industries would employ only 26 per cent of workers then. He does not believe in the creed of self-sufficiency, but thinks that India ought to grow not only what she needs but also what is needed by other countries such as jute, tea and oil-seeds, which they cannot grow at such low real as well as money cost. He believes that there is ample scope for mechanisation and other improvements in agriculture and that displaced workers could be absorbed in secondary and tertiary industries and in dairying and horticulture—the products of which are in great shortage already and are bound to have a growing market within the country itself, with the increase in the purchasing power of agricultural as well as industrial workers. Mr. P. Chandra (U.P.), Mr. P. C. Malhotra (the Punjab) and Mr. Harbans Lal (Bihar) defend the Bombay Plan calmly but not convincingly.

None of the writers seem to take note of the part Co-operation can play in the development of agriculture, even of the small part assigned to it by the Bombay Planners—such as consolidated cropping which they call ‘co-operative farming’ and multi-purpose society—the panacea prescribed by the Reserve Bank of India, neither of which, however, has been a conspicuous success anywhere.

THE A.B.C. OF CENTRAL BANKING.—By Nawab Mir Nawaz Jung and Prof. S. Kesava Iyengar. (*The Bangalore Press, Bangalore, pp. 313 : Rs. 20.*)

The book under review is the XI Volume of the Indian Co-operative Series.

It may safely be stated that the Science of Central Banking is young and the knowledge of its principles is restricted to a comparatively small circle. As one goes through the twenty-five chapters spread over 313 pages of the book, one finds every aspect of Central Banking fully and ably discussed and for that reason the authors cannot but be charged for misnaming the book. The letters A.B.C. always signify the rudiments expressed in simple language which beginners may understand. Here we have A to Z of the subject well laid out and further supplemented by extensive extracts from writings of known international authorities on the subject along with statistics about the workings of Central Banks of the leading nations.

In the words of the authors, the book is primarily intended for the student, but beginners will find it hard to digest.

The authors hold high rank in the economic life of the State of Hyderabad and their avowed object in producing the book is to offer a healthy criticism of the constitution and working of the Hyderabad State Bank with a view to help it function seems as a real and effective Central Bank. The explanation of the principles of Central Banking is thus incidental; but the book would have done real service if the State Bank was kept out of it.

One major flaw in the Hyderabad State Bank Act pointed out by the authors is that it does not provide for statutory cash balance ratios or provision for deposit insurance on the part of member banks. The deposit insurance scheme worked by the U. S. A. Federal Reserve Banking system mentioned by them is peculiarly suitable to Indian conditions and should be incorporated in the Constitution of the Reserve Bank of India.

The authors lay right emphasis on the fact that the Central Banks are destined, in the years to come, to affect profoundly production, distribution and consumption in their respective countries through upgrading the national income; through determining the levels of consumption, saving and investment; through control and adjustment of costs, prices, wages, interest, rates and profits; through taxation and borrowing. Copious extracts from the *Economist* and the League of Nations Publications in this regard are found in the Appendix and should prove instructive and helpful to students, bankers and businessmen as well as to our politicians.

H. F. KAPADIA.

Just Published!

Just Published!

INDIAN CO-OPERATIVE SERIES.

Volume XIII THE CO-OPERATIVE MOVEMENT IN THE NORTH-WEST FRONTIER PROVINCE

by A. Aziz Farooq, M.A., N.W.F. Province Civil Service, formerly Lecturer in Agricultural Economics, Peshawar Islamia College, with a foreword by L.C. Jain, M.A., LL.B., Ph. D., D.Sc., Head of Economics Department, University of the Punjab, Lahore.

... Rs. 5

Volume XIV PIONEERING THE NEW WORLD ORDER

by Professor J. B. Tayler, M. Sc., Adviser to the Chinese Industrial Co-operatives and Khan Mohammad Bashir Ahmad Khan, M.A., LL.B., M.R.A.S. (London), Honorary Secretary, All-India Co-operative Institutes' Association.

... Rs. 1

Postage and packing extra.

Copies can be obtained from:—

(1) The Honorary Secretary,
All-India Co-operative Institutes' Association, Lahore.

(2) The Manager,
The Indian Co-operative Review, Farhat Bagh, Mylapore, Madras.

EXTRACTS

PROSPECTS OF CO-OPERATIVE FARMING IN BENGAL

The problem referred to in Mr. Ahmed's note is no doubt serious. The famine and its aftermath coupled with a greatly curtailed supply from outside, particularly Bihar, have created a serious cattle shortage in this province.

2. Co-operative farming is advocated as a remedy for the present labour and cattle shortage. The suggestion is to pool the small holdings of 20 to 30 cultivators into a block of 50 to 60 acres and to cultivate the whole block as one unit with the help of tractors. Such co-operative farms would, it is suggested, be a suitable agency also for the distribution of seeds and fertilisers. A pathetic faith in co-operation and a lack of appreciation of the difficulties which co-operation encounters in practice, have become characteristic of much of the thinking on rural and agricultural development in this country. The present proposal which unquestioningly leans on co-operation as a solution of a difficult problem only illustrates a fairly general tendency. Unfortunately only too often the idea of co-operative farming leaves too many questions unanswered:—

(a) Will the cultivators be prepared to pool their lands voluntarily? If not, will the State force them into agreement? Given the individualistic temperament of the cultivating classes in general, such compulsion may be unavoidable in most cases. Where the Government exercises compulsion to bring about a pooling of the lands of a group of small cultivators, it would surely be inappropriate and misleading to speak of "co-operative farming."

(b) How will the final crop be divided among the co-operating members? If in proportion to the size of each member's holdings, difficulties may easily arise. Some lands may be more fertile than others so that the division of the crop in proportion to the size of holdings would not appeal to the owners of the more fertile lands. Similarly, if income bears no relationship to individual industry and efficiency, the more active and efficient farmers would prefer to remain outside the co-operative. Even if they are forced to join a co-operative farm, they cannot be forced to work with equal earnestness. Efficiency, in other words, is bound to suffer when both efficient and inefficient workers reap the same reward.

(c) Even a co-operative farm must have a competent person at its head to guide its operations. It may not be easy to find such a person at all, not to speak of finding one from among the member cultivators because (i) there is at present a dearth of trained personnel for running mechanised farms and (ii) a farmer of outstanding ability will as a rule prefer to run his own enterprise in order to enjoy alone the fruits of his labour. Paid Government servants as managers of co-operative farms are likely, at least in the present circumstances, to be more keen on retaining Government jobs than on efficient farm management.

(d) Who will supply the initial capital for purchasing tractors and other agricultural machinery necessary for large scale farming? The Exchequer could hardly stand the strain of a free supply of all machinery. Cultivators themselves must bear a part, if not the whole, of such capital expenditure. As the majority of our cultivators are heavily in debt, it would be futile to expect them to make any contribution at all towards the capital expenditure.

(e) The suggestion that tractor cultivation on co-operative farms would provide a solution of the immediate problem of cattle and labour shortage is useless as tractors are not likely to be available in sufficient numbers in the near future. Besides, the economics of tractor cultivation must also be carefully examined. Other things remaining equal, the greater the number of days in the year tractors are worked, the more economic they are likely to be. Intensity of cropping must therefore be increased, if tractor cultivation is to pay in Bengal. This presupposes vast improvements in irrigation and drainage facilities. In most areas of Bengal, tractor cultivation can be an economic proposition only when

provision is made for perennial irrigation so as to raise two or three crops a year. It is clearly beyond the capacity of co-operative farms to undertake such basic development.

(f) Co-operative farming would *ex-hypothesi*, leave the ownership of land untouched and would therefore continue to tie down the present population to the land. It does not face the most urgent problem of agricultural overpopulation, though without a solution of this problem the standard of living of the rural population can never be substantially raised.

3. It would be interesting to see the concrete evidence of the success, which, according to Mr. Ahmed, co-operative farms in the U. S. A. and the Punjab, are supposed to have achieved. The loose use of the word "co-operative" has been responsible for much confusion in thought. What is described as a co-operative enterprise in this country is frequently little more than a one-man show. The examples of successful co-operative farming, as quoted by its advocates at, best provides a partial demonstration of the benefits of large-scale and not of co-operative farming.

4. The frequent advocacy of co-operative farming is at bottom only an admission of the fact that the present system of cultivation in small and scattered holdings is uneconomic and wasteful. At the same time it reveals a failure to think out the problem in all their implications. Real agricultural progress in this country pre-supposes comprehensive State measures aiming at the following objectives :—

(a) Better drainage and irrigation facilities and the provision of perennial irrigation, wherever possible.

(b) The liberation of agriculture from the thralldom of a medieval open field system which hinders land development and utilisation and results in a low intensity of cropping and a low output per acre.

(c) Introduction of tractors and other modern machinery for the cultivation of such newly established farms.

(d) Establishment of fair-sized economic farm units coupled with effective measures to prevent future subdivision and fragmentation and the creation of a multiplicity of uneconomic holdings.

(e) A vast improvement in rural communication, rail, road and water, and in rural sanitation, particularly through a country wide anti-malarial drive.

(f) The withdrawal of the surplus population from the land and its gradual absorption in other avenues of employment, that is to say, in newly developed industries and in an expanding net-work of utilities and services.

5. Thus the real problem is not to supplant individual enterprise in agriculture through co-operative farming but to set individual enterprise free from the crippling limitations imposed by a definitely unfavourable environment. As long as the existing frame-work of agriculture remains unaltered, neither co-operative nor individual enterprise can achieve much. If, on the other hand, the basic developments outlined in the preceding paragraph are carried out either by the State or by some agency backed by the State, individual or joint enterprise will prove the most effective vehicle of agricultural progress.

—Notes on Agricultural Problems in Bengal. By L. K. Elmhirst and Sudir Sen.

SUPPLEMENT

PROCEEDINGS OF THE SIXTH ALL-INDIA CO-OPERATIVE CONFERENCE HELD AT THE PREMISES OF THE OFFICE OF THE REGISTRAR OF CO-OPERATIVE SOCIETIES, 14, ABBOT ROAD, LUCKNOW, ON THE 19th, 20th AND 21st APRIL, 1946.

The sixth session of the All-India Co-operative Conference was held at Lucknow under the presidency of Diwan Bahadur Hiralal L. Kaji, M.A., B.Sc., J.P., I.E.S. (Retd.), President, the All-India Co-operative Institutes' Association and the Indian Provincial Co-operative Banks' Association, over Easter week-end, 19th to 21st April 1946, in a spacious and artistically decorated pandal erected for the purpose at the premises of the Office of the Registrar of Co-operative Societies in U. P. The pandal was packed to capacity with delegates—officials and non-officials—and visitors from all over the country.* The Conference opened at 4 p.m. on Friday, the 19th April with prayer.

Afterwards Pandit Parmeshwer Nath Sapru, Chairman of the Reception Committee, welcomed the delegates.

WELCOME ADDRESS

By

RAI BAHADUR PANDIT PARMESHWER NATH SAPRU,

Chairman of the Reception Committee and Vice-Chairman, U. P.
Co-operative Union.

BROTHER CO-OPERATORS,

On behalf of the Reception Committee and the Co-operators of the Province, I extend to you a most hearty welcome to this 6th Session of the All-India Co-operative Conference. I am conscious of the discomfort and inconvenience, you have been put to, by long journey in congested railway trains and insufficient arrangements for your stay and hospitality in Lucknow. Paucity of accommodation and ration on food grains have added to our difficulties in making you as comfortable as we had wished. I hope you will in your generosity overlook our shortcomings and take the will for the deed.

We are thankful to God that the war has ended in the success of Allies. It brought untold sufferings to humanity and had put great strain on human endurance. The toll of lives was heavy and the worst sufferer was Bengal which lost about 3 million people due to starvation. Our sympathies are with them in this catastrophe. I am proud of the noble part that Indians played in winning the war. All western countries have been liberated but we are still where we were before the war.

*For exigencies of space the list of those present is not given.

We are now faced with a greater calamity than war, namely famine. We are already in its grip and herculean efforts are being made to save the country from death by starvation. In alleviating the distress Co-operative Department can play a great part. It has been demonstrated that wherever distribution of essential commodities was entrusted to Co-operative Societies, they acquitted themselves in a praiseworthy manner. In my own province in some districts Co-operative Development and Marketing Federation has worked satisfactorily. It killed black market, corruption and unequal distribution. It is a pity that the whole work of supply and distribution was not entrusted to it throughout the country, otherwise we would not have heard complaints about the discreditable Supply Department arrangements, which encouraged corruption, nepotism and black marketing. The main reasons are : firstly, that the bureaucracy has no faith in the efficiency of co-operative institutions ; secondly, their instinct for love of power and patronage is so strong that they do not like the idea of entrusting the work to Co-operative Societies ; and, thirdly, they used this as a machinery for raising war loans and subscriptions.

It is a matter of great rejoicing that the Advisers' rule has ended and the reins of administration have been taken over by the popular Ministries in all the Provinces (*shouts*). It is hoped they will recognise Co-operative movement as an important factor in the nation-building programme. It is also hoped that they will meet the food crisis efficiently and courageously and make full use of the co-operative agency for distribution of food grains. The services of the Co-operators and Co-operative Societies are unstintedly at their disposal for the mere asking.

I have no doubt that this All-India Conference will bring out a comprehensive scheme suggesting the manner and method in which the supply and distribution of food grains should be tackled.

Another point on which I feel strongly is that official control over the Co-operative movement should be relaxed as much as possible. It should be made into a mass movement as against its being confined to a small portion of intelligentsia.

The education of members of Primary Co-operative Societies calls for special attention from us. So far very little has been done in this direction and the future appears to be gloomy unless strenuous efforts are made through non-official agency. In my Province a fresh start has been made after a lapse of four years and the Government has begun to contribute half the expenditure, on condition that the other half be met by the Co-operative Union.

It is a hopeful sign that people have come to realise that the Co-operative movement is a great lever in the reconstruction of village economy. It is, therefore, necessary that we should do all we can to deserve their confidence. For this purpose an independent audit is very necessary. At present the auditors are made by the Registrar and are his direct subordinates. In his

hands their destinies are placed. Consequently they cannot criticise the administration freely and fearlessly. It will be a great improvement if audit work is entrusted to the Accountant General or the Government Auditor, who shall have nothing to do with the Registrar.

It is surprising that we are still working under the Co-operative Act which was passed about 3½ decades ago. It has become worn out and is not in conformity with the expanding movement and growing national consciousness. Other Provinces have enacted their own Co-operative Acts but we are behind them. It is necessary that immediate steps are taken to completely overhaul the Act.

It is a matter of common knowledge that the bulk of agricultural holdings are uneconomical. We must, therefore, link them with cottage industries. It is in this way only that we can better the condition of the agriculturists who constitute 90 per cent of the population. We should also devise means of providing them with cheap credit.

Much water has flown under the bridge since the Tenancy Legislation of this Province was enacted. It is necessary that it is taken in hand immediately and brought in tune with popular feeling and welfare of the tenancy in such a manner that the agriculturists are given transferable rights in their tenancy so as to enable them to feel that the land is their own and they can freely shed their blood and sweat over it. It is also necessary to treat the sub-tenants more generously and to make adequate provision for landless class.

At present there is no expert in finance in the Co-operative Department. It is necessary that the Registrar should have a financial adviser to advise him on all matters affecting finance. The appointment has become insistent since the formation of the Provincial Co-operative Bank.

It will not be out of place, if I give a brief resume of the Co-operative activities of this province.

This province was for a very long time without a Provincial Co-operative Bank but, thanks to the efforts of Mr S.S. Hasan, our Registrar, and the help rendered by the late Mr. Wajahat Husain, Deputy Governor, Reserve Bank the Apex Bank came into existence two years ago. It has an issued capital of Rs. 14 lakhs and a subscribed capital of Rs. 12 lakhs. Shares of value of Rs. 5 lakhs were allotted to individual shareholders. They were subscribed in full and those that were late in applying were disappointed. Its working capital exceeds Rs. 40 lakhs. It will be a good thing indeed, if we have a union of all Provincial Banks in the country. It will facilitate inter-provincial transactions, improve the usefulness of the Bank and extend their scope of work. It will also afford facilities to Provincial Banks for collection of bills, issuing and cashing of drafts and cheques, etc.

The total number of primary societies in the Province is over 19,600. They have got a membership of 15.80 lakhs and share capital of Rs. 115.80

lakhs. Their working capital is Rs. 539.79 lakhs. They embrace nearly all phases of human life and activities. Special mention may be made of some of them :—

- (i) *Provincial Co-operative Development and Marketing Federation.*
- (ii) *Provincial Co-operative Industrial Federation.*

Both are War babies and were organised primarily for development of marketing and industries in the Province. The former took up distribution of essential commodities in some districts and in normal times it will help in replacing co-operative marketing on a sound basis. The latter supplied War requisites manufactured by the Co-operative Societies. During their short existence they did enormous business. The Marketing Federation handled business of the value of Rs. 258 lakhs in 1945-46 and what is of great fundamental importance is that it has proved that the distribution of food grains and other essential commodities through co-operative societies eliminates corruption and black marketing and helps in equitable distribution of rationed articles. The Industrial Federation supplied goods of the value of Rs. 76.55 lakhs.

- (iii) *Cane Development and Marketing Societies.*

This Province is the foremost cane-grower and caters to the requirements of a very large number of sugar factories scattered all over the Province. There were loud complaints that cane-growers had not a fair deal at the hands of the Factory Agents. There was corruption, under-weighment, under payment and harassment of the growers everywhere. The co-operative cane development and marketing societies were at once organised and the whole supply of cane is now made through them. They get 2 pies in the rupee as commission on the value of cane supplied by them. There are at present 94 cane unions with a membership of 7.58 lakhs and 1,035 primary cane societies with a membership of 2.36 lakhs. The average yearly profit which the societies earn is Rs. 5.62 lakhs.

- (iv) *Co-operative Milk Societies.*

Two co-operative milk unions have been started in the Province, one at Lucknow and the other at Allahabad, in addition to the third one at Benares. They supplied fresh milk and butter to the residents of the two places and were of great help in meeting the milk scarcity of the places. The milk came to the union dairies from the milk societies organised in nearby villages and transported to the dairies through motor vans.

- (v) *Railway Employees' Co-operative Society.*

The Railway Employees' Co-operative Society has got a membership of 7,706. Its working capital is Rs. 15,80,842.

- (vi) *Postal Employees' Co-operative Society.*

The Postal Employees' Co-operative Society has got a membership of 4,786. It has got a share capital of Rs. 1,15,086 and working capital of Rs. 9,40,125.

During the War a large number of co-operative consumers' societies have sprung up and are doing good business.

The part played by Co-operative Societies in the successful prosecution of the War was not negligible. Enormous amount was invested by the societies in the War Loan. A purse of Rs. 14,327 was presented to His Excellency the Governor and Red Cross articles worth Rs. 5,000 were gifted.

The building in which you are holding the Conference belongs to the Co-operative Union. It was purchased for a consideration of Rs. 1.55 lakhs due mainly to the efforts of our Registrar.

POST-WAR CO-OPERATIVE SCHEME

A comprehensive scheme of post-war development has been drawn up by the Co-operative Department. The scheme has been planned for five years. It has been divided into three sections: (1) Agricultural Credit and Marketing Scheme, (2) Scheme for the establishment of Milk Supply Unions, and (3) Development and production of textile goods on cottage basis.

- (1) *Agricultural Credit and Marketing Scheme.*

The agricultural credit and marketing of cereals will be taken up immediately. The organisation contemplates a co-operative society in every village affiliated to a co-operative development and marketing union in the nearest market. The development and marketing union will be the nerve centre of all development activities in the area and will also start subsidiary seed stores. The marketing unions will also have sale depots for the supply of agricultural domestic requirements. The development and marketing unions will be affiliated to the provincial development and marketing federation already in existence. It is proposed to bring in the scheme 3,000 villages every year working up to the total of 15,000 by the fifth year. This number together with the existing societies will bring the total number of village organisations to about 25,000, thus covering nearly one-fourth of the Province. The whole scheme is estimated to cost Rs. 7,38,500. It will also absorb a good percentage of demobilised war personnel.

- (2) *Organisation of Co-operative Milk Supply Unions.*

It is proposed to open 8 more centres in the Province for the supply of pure milk. Two centres already exist and are running profitably. Thus the total number of milk supply centres will be 10. The scheme will be spread over 5 years and will be in charge of a Deputy Registrar who will have a staff of about 400 persons both technical and non-technical under him. The estimated cost of recurring expenditure is Rs. 21 lakhs. The capital expenditure will be Rs. 34 lakhs. This amount will be provided by the Government.

- (3) *Development and Production of Textile goods and Cotton Industries.*

This Province has got a large population of weavers who work on hand-looms. The idea is to supply to the weavers improved looms, better designed

and dyed yarn so as to enable them to produce cloth according to changing fashion. It is proposed to open 10 centres in places which are at present centres of handloom industry. It is also proposed to install dyeing and colouring plants for the purpose of dyeing of yarns and finishing of fabrics. Two powerlooms will also be imported for manufacturing staple cloth in a competitive market. Such fabrics as can be produced with economy will be made in handlooms. In order to find a ready market for the cloth an expert designer will be employed, who will watch the trend of fashion and lay down designs for the textile workers which may be in fashion and of which an easy market may be found. A marketing organisation will also be set up to overcome the chief difficulty of the cottage workers. For this purpose a chain of stores will be opened throughout the Province. The whole scheme is estimated to cost Rs. 24,74,034.

I feel I have taken more time than I should have done, for this, I ask your forgiveness.

Afterwards the Hon'ble Dr. K. N. Katju inaugurated the Conference.

INAUGURAL ADDRESS

OF

THE HON'BLE DR. K. N. KATJU, M.A., LL.D.,

Minister of Co-operation and Development, United Provinces.

BROTHER CO-OPERATORS,

I am deeply grateful to the members of the Reception Committee of the All-India Co-operative Conference for inviting me to deliver the inaugural address. I am but a layman and you are all skilled and experienced experts in the art of the application of the co-operative principle to different human activities. My only excuse in venturing to address a body like yourselves is that my interest in co-operation, though it may not be of long duration, is nevertheless profound, and, after mature consideration, I have come to the conclusion that it is only the widest possible extension of the co-operative principle to our rural economy, which will solve the manifold and immense problems of poverty and squalor, sickness and disease in the countryside (*Cheers.*)

It is true that true co-operation knows no limits and no boundaries. It is equally applicable to all the countries in the world, and to those who reside in cities and towns as well as to those who reside in villages and tiny hamlets. For those who are poor in resources co-operation means strength and vigour, and through a co-operative society the poorest member may have at his disposal the help and the credit and the strength of a vast organization. Co-operation is the only instrument which may profitably be wielded with immense advantage to themselves by those who are engaged in small businesses, or who need facilities in buying and selling at reasonable and remunerative prices.

In urban areas, co-operative societies of all descriptions are springing out. The world war and its requirements have lent an impetus to the co-operative movement and industrial societies of many kinds have been formed

in many parts of India. These societies have handled substantial contracts and manufactured goods with crores of rupees and have reaped a good reward. I need not say that in urban areas there is still room for expansion on a large scale, and co-operative societies for manufacturing and marketing of goods, co-operative consumers' societies, co-operative building societies and co-operative insurance societies are all needed in large numbers. Co-operative endeavour may well be extended in diverse ways to cover almost all the requirements of our daily life.

But it was not my intention to-day to dwell at any length upon co-operative enterprise in cities and towns. I wish to draw your attention, if I may, to the needs of our villagers. Everybody is agreed that India lives in its villages. In spite of efforts at industrialization, yet the fact remains that India is an agricultural country so far and the vast majority of its population is to be found in the countryside.

I suggest that an Indian village presents a great opportunity and a unique field for the application of the co-operative principle to the life of a village community as a distinct entity. The distinction between residents of urban and rural areas is striking and obvious. In cities, people are huddled together but their economic interests are of the most diverse kind. In the same street you will find a very miscellaneous crowd living together, businessmen and traders, Government servants and private employees, professional men like doctors and engineers, all carrying on their vocation in their own ways. They are all undoubtedly interested in public health and sanitation and the general welfare of their town and their own street. Their interest is, in what I may call, better living. But residents of a village are bound together to each other by an identity of economic interests and share the same outlook on life. The chief industry is agriculture and the prosperity of all the residents of the village depends mainly upon that one interest, namely farming and marketing of foodstuffs and allied industries.

The Indian village community of ancient India was a homogeneous body, self-sufficient, self-supporting and self-reliant. It stood the test of time. It saw kings come and go and, yet, the institution of the village community continued to function smoothly for centuries.

I realize that times have considerably changed and so have our villages. Village community has been deprived of all its ancient glory, its powers and privileges. It now lacks solidarity and coherence and in the vast majority of cases the inhabitants seemingly function separately. I know full well that our villagers are torn up by factions and parties; the villagers constantly quarrel among themselves, and they cannot resist the oppression and tyranny of petty officials. Moral decay has also set in. The Village Panchayat as a judicial body has almost disappeared and perjury and corruption which are the sheet anchor of the poor and the oppressed, are widely prevalent.

In spite of all these discouraging conditions I still love to think that the village community is not yet dead, and will never die, so long as all the residents of the village are, so to say, strong together in a garland of common economic interests. As long as that essential unity of economic interest continues so long we may well endeavour to restore the pristine glory of the ancient village community. And then our villagers present many other striking features. Most of the villages are small in area. Their population is reasonable in size. All the villages know one another. There is a common bond of sympathy and of brotherliness among them. Each villager is familiar with the locality of the entire village. He can tell you what their needs are as well as their aspirations. I suggest to you, therefore, that the Indian village presents a most admirable field for the sowing of the co-operative seed. I devoutly hope that these seeds, if sown judiciously and with care, will soon spring into life and develop into mighty trees with foliage and flower, under which all the residents of the village may find shelter and security, rest and happiness.

I have observed many times that though an Indian village was recognized as the field for co-operative activity, yet that activity was limited in the beginning to an attempt to provide cheap credit to needy farmers. In most places, therefore, a co-operative credit society was understood to be the only outward expression of the co-operative movement. All stress was laid upon giving relief to peasants against usury. The object was good and the credit society may have served its purpose, but what was the result? The result was that it never struck any roots in the village at all. It became a society merely of needy borrowers. People by scratching each other's back, somehow managed to get loans for their unproductive needs under false pretences and when nemesis came and payments became due, the society fell like a house of cards blown away by the wind, and not only did it fall but it carried with it in its fall the co-operative movement itself. In such districts—and there are several in the U.P.—the word co-operative stank in people's nostrils. Joint liability of all members fell heavily upon some of the less needy ones like the sword of Damocles and resulted in great hullabaloo on all sides. Such a society always looked for funds outside the village. The well-to-do residents of the village kept away from the society. They would not look at it. It was no good to them. It could never serve any purpose for their benefit.

It is true that when the Congress Ministries came in office in 1937, effort was made to remedy this deficiency. The evil was clearly recognized and it was sought to be checked. The checking was not so very easy as describing it. These primary credit societies were always affiliated to a district banking organization. Such an organization employed auditors, inspectors and supervisors for looking after and assisting and guiding the primary society, but this interest and guidance really was something like the interest of a prudent creditor, who endeavours to keep his debtor going so that his own money may not be jeopardised. This district organization

was really very often—I mean no offence to anybody—a moneylender's organization and I doubt whether members connected with the district organization ever paid much consideration to the various needs of the village as a whole where the co-operative society was located.

I am glad to think that we have now gone far beyond the credit stage and it is now clearly recognized, and, in my opinion, rightly, that it is unwise and inexpedient to stress the credit factor in our activities so strongly. It is undoubted that the villagers—I refer to the farmers particularly—require finance for their farming and marketing, but then, not only on paper, but in strict fact, this credit should be linked to farming and marketing and should not be allowed to appear to function as an independent feature in the case altogether. The society should primarily exist for improving rural economy, for assisting the farmer in his farming and marketing. Credit should generally be advanced to a member substantially on the security of the crop which he proposes to raise on his field. This is all common knowledge, almost a platitude, and work has begun on those lines. I think, however, that time has now come for developing the movement still further, taking financial risks and even departing from what I may call the orthodox co-operative outlook on life.

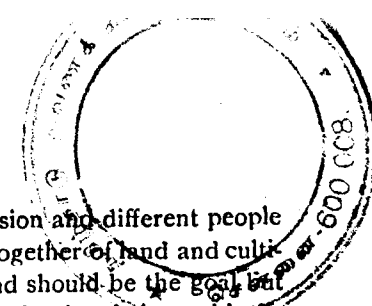
I quite realize that the co-operative movement is entirely based upon voluntary effort. There is and should be no element of compulsion in it so far. Indeed, competent people may say that the co-operative movement does not know of compulsion. I suggest, however, that we had better examine the whole question for ourselves, and see whether exigencies of the time and our own needs and requirements do not demand a slight departure from the orthodox view so long as the vital principles are kept and observed intact.

Let us first consider the constitution of the society which I am advocating before you. Up till now the number of members of a co-operative society were not large and the working presented little difficulty. As I said it was only a society of borrowers, but now if our goal is to take in hand better farming and better marketing for the entire village, then a small society will not do. If a farming society is to function usefully at all, it is imperative that it should comprise in its membership all the cultivators of the village whom the society is called upon to help. Cheerful obedience is required and willing readiness to experiment with new methods of farming. For this purpose, it is necessary that every single cultivator should form part of a society, and should be able to understand thoroughly what is being put before him and should also realize individually why it is being put before him.

This aspect of the constitution of a farming society was carefully considered by some of us in 1938-39, and we came to the conclusion that it would be eminently desirable that the society should include among its

members all the adult males of the village. We might as well have women in the society, but that is a different question, and I leave it there for the time being.

How to induce all the adult males to join the society? In the first place I am hopeful that once the villagers realize what the society proposes to do for them, how it proposes to assist them throughout from beginning to the end of their agricultural operations, then there will be no difficulty in persuading every single cultivator to join the society. But I am prepared to go a little further. If by appeal and by propaganda and publicity we succeed in inducing the majority of the residents of a rural area to join such a society, such members holding among them the major area in the village under their cultivation, then I suggest that some actively persuasive method should be employed to induce the remaining villagers to enter the society. One such method that we had in mind was a direction that once a society is formed, every cultivator in the village must sell his agricultural produce to or through the society or directly at a regulated *Mandi*. The restriction may serve as a valuable instrument in inducing membership. I am even prepared to go further and I would favour legislation prescribing that if certain prescribed conditions were fulfilled, all adult males of that village should be deemed to have become members of that society and to have become liable to its rules and regulations. We, therefore, reach the stage that the society—we called it Gaon Panchayat, giving it a short and familiar appellation—must include in it automatically all the adult males of a village. If the number of residents is too large and there is danger that a Panchayat of all the adult males might turn out to be unwieldy, then one might have on the society a representative of each household of the village. We thus get the Gaon Panchayat coming into existence on a statutory basis. The merit of this suggestion is that it brings into existence an organization without undergoing the pains and labours and the sorrowful after-effects of elections. No questions of minorities and majorities, weight-ages and over-representation arise under this scheme. Every resident in the village automatically becomes a member of the Panchayat, thus giving the fullest representation to each and every caste, class and community residing in the village according to its numbers. Having got the Gaon Panchayat, I suggest that the first step should be to have a fairly imposing—having regard to the surroundings and the resources of the villages—Panchayat Ghar. This should be a substantial structure containing accommodation not only for an assembly hall but also for various other activities of the village. There should be a seed store, a small dispensary, a school for girls and boys and it should serve as a centre for all village activities. It should be the outward expression of the village community life. In the United Provinces in 1938 numerous Panchayat Ghars were built, Government contributing a part of the cost. The moral and social effects of a Panchayat Ghar on the village community will, in my opinion, be incalculable. It should induce unity and fellow-feeling among the residents.



Co-operative farming is a rather loose expression and different people use it in different ways. Some imply the pooling together of land and cultivation of large-sized farms. This is admirable and should be the goal, but I think that we should not disturb, at least for the time being, with the possession of any cultivator in the land in his actual cultivatory occupation. I have often asked men experienced in agriculture whether a collective mechanised farm would, in the local conditions prevailing in India, yield us a larger crop or would it not be better for us having regard to the ways of our people to leave every member to his own field or fields (consolidated in a compact area) so that he may have the greatest incentive to develop his own land and work upon it at all hours of the day. I, therefore, use the phrase Co-operative farming in the narrower sense of placing at the disposal of each cultivator whenever he desires it, all the facilities he may require. The farmer must be provided by the society with improved seeds, cheap, practical and effective agricultural implements and manures and fertilizers. The Panchayat should, in my view, keep some bullocks for the use of its poorer members on payment of a trifling charge. It should sink wells and also provide and maintain small water channels and *nalis* for irrigation purposes. Co-operative farming in this sense would, while ensuring to each cultivator the entire produce of his own labour, make him in resources equal to the wealthiest among them all.

Many competent people think that, given all facilities and that at the time when he needs them, our Indian farmer cultivating in his own small way can match the big-scale farmer with his modern mechanised methods and at far less cost both in capital and recurring expenses. Mechanised cultivation eliminates not only human labour but it also eliminates a most valuable commodity, namely, cattle manure. I am further afraid that too much stress on mechanisation in the field of agriculture may aggravate unemployment in the teeming rural areas.

Farming and marketing must, however, go together and the Panchayat must be authorised to take over, subject to such rules as it may make regarding the quantity to be left with the producer for his own consumption, the entire produce of every cultivator. The total quantity thus collected would be properly cleaned, graded, standardised and stocked in the Panchayat godowns and then marketed at the highest price available.

Each cultivator would keep a running account with the Panchayat and would be entitled at the end of each harvest to be paid the sums due to him after deduction of all his outstandings to the Panchayat. I may add that the Panchayat would, of course, advance such sums as it thinks fit to every cultivator on the security of his produce before it is marketed as he may require for payment of rent or other urgent needs.

Mention of rent brings me to another feature which I have in mind. The subject of the abolition of the *zamidari* system is being publicly debated these days. It will not be denied that cultivators suffer in many

ways by the illegal exactions of the unscrupulous among the zamindars. I have often thought that it would be a good thing if the Panchayat were authorized, if it so liked, to obtain what may be called in popular parlance a *theka* for a long term of years from the zamindars of the village. Terms may be agreed upon between the parties by amicable arrangement, or may be settled by a named arbitrator in the manner prescribed by statute very much on the lines laid down in the Land Acquisition Acts. From the gross rental recorded in the revenue papers there would be statutory deductions on account of collection charges, irrecoverable dues, release of the zamindar from the trouble and worry of the management of the zamindari—many people on inquiry say their occupation is zamindari—and from the total rent thus settled the Panchayat might pay direct into the treasury the Government revenue and cesses and the balance to the zamindar. This *theka* would convey all the zamindari rights for the term of the *theka* to the Panchayat. The cultivators would thereby be relieved from the various ills which are commonly considered to arise from the zamindari system itself, such as the levy of illegal *nazranas*, *begar*, harassing ejectments and legal proceedings of many kinds. The Panchayat would be in a position to arrange for proper grazing grounds for the village cattle and for better layout and sanitation of the village *Abadi*. It may also bring cultivable waste into cultivation and adopt other suitable methods for improvements. Zamindars should have no ground of complaint because all their troubles about rent collections will disappear, and they would be able to apply themselves and their energies to the exploration of other avenues for more profitable occupation of their time. (*Low cheers*).

I am sure that the picture which I am painting before you is not utopian in its character. I feel convinced that we can thereby make each village community in the real sense of the word a republic in miniature, a primary unit of the structure of a great democratic state.

The Gaon Panchayat thus equipped can take upon itself many other activities. It can run a small consumers' store for sale of such village necessities as salt and kerosene. It can encourage all industries allied to agriculture, such as dairy-farming, gur-making, oil-seed crushing and tanning. If the Panchayat is a live organization its potentialities for good would be immense and, over and above all, I feel that it would bring peace and harmony into the village.

The Panchayat would obviously require substantial finance for its manifold operations. In the first place I would expect it to tap the resources in the community itself. The well-to-do residents would be encouraged to advance money to the Panchayat and then it would fall back upon the co-operative banking organizations in the district and in the province. I would expect the State to be generous and to do its utmost by subsidies and by granting interest-free loans to assist these Panchayats particularly in the earlier stages of the province-wide movement, and whenever there is any

general calamity, I would expect Government to share with these Panchayats its losses. It would be unwise in the extreme to leave these Panchayats to bear the entire shock and brunt of unforeseen happenings.

It is true that these Panchayats would form, if they spread over, as they should, the entire countryside, a vast organization. This organization would need an army of auditors, inspectors and supervisors to act as friends, philosophers and guides of these Panchayats. All this would mean great expense to the State, but speaking for myself, I would not grudge an anna of such expense. (*Cheers*.) Our aim is to infuse life and vigour into the peasantry to double their income and to raise their standard of living, and for the achievement of that object no expense would be too great and no risk too heavy. (*Applause*.)

I sometimes think that the Co-operative Department has been the one which has tried to enlist in the past, in the greatest measure possible subject, of course, to the inevitable limitations caused by a tremendous political movement of which non-co-operation with official agencies was a distinct part, the assistance of non-official element in the country. The Co-operative Department is of comparatively recent growth, but it has done good work. I think that the Co-operative Department, with the active support and help of an ever-growing number of willing and zealous workers in the field of co-operation, would be the best suited to guide the people in this great endeavour for regeneration and rejuvenation of our semi-starved villagers. We may have a Director of Gaon Panchayats in exclusive charge of all co-operative activities in the rural areas and this Director may well be trusted to bring to a successful conclusion the scheme which I have thus broadly and imperfectly sketched before you.

I shall not stand any longer between you and your President. You have got a heavy agenda to deal with and I notice that it includes the consideration of practically every problem of current interest in the co-operative field. I use no conventional language when I say that I hope to learn and profit exceedingly by your discussions, conclusions and recommendations.

Then Dewan Bahadur Hiralal L. Kaji delivered the Presidential Address.

PRESIDENTIAL ADDRESS

OF

DEWAN BAHADUR HIRALAL L. KAJI, M.A., B.Sc., J.P., I.E.S. (RETD.)

BROTHER CO-OPERATORS,

Since we last met in Conference at Nagpur in 1942, we have had to pass through a period of increasing complexities and perturbation. Our leader, the Honourable Mr. V. Ramadas Pantulu, has passed away, leaving Indian Co-operation much the poorer for lack of his wise guidance and able

leadership. Recently we lost a co-operator of note by the death of Professor V. G. Kale of Poona.

In these four years, the country has had to face a period of terrible stress and strain. The Japanese menace was a dire peril; the German advance to Egypt and across Caucasia was a nightmare and the tentacles of the Axis octopus seemed about to enmesh the entire Old World Northern Hemisphere. The disturbances of August 1942 convulsed the country: the Bengal famine took a toll far heavier than the Great World War itself; a regime of controls and rationing set in; with continuing inflation, prices soared up. Profiteers, black marketeers and all round corruption created conditions of unprecedented severity; transport was dislocated; and movements of goods and men were throttled to an extent hitherto unknown. National leaders were muzzled behind prison bars: the Cripps offer was turned down; communal tension swelled to unhappy heights; the prospects of political advancement were blighted.

THE WORLD SITUATION

Through the turmoil came the end of the War. The War was won. Italy was overrun. Germany was defeated and Japan was atomised into submission (*low cheers*). The three unions, U. K., U. S. A., and U. S. S. R. emerged triumphant. Peace came. Post-war reconstruction and development projects began to be conceived and formulated. Fifteen years', ten years' and five years' plans were prepared. Committees and sub-committees were set to work. But in the cauldron of the aftermath of the War, the destinies of the Orient seethe with uncertainty. Independence, self-determination and the four freedoms—the slogans and the inspiration behind the Democracies—failed to materialise.

Of the six continents of the world, the two in the New World are U. S. A.'s concern only. Australia and New Zealand and South Africa are U. K.'s concern. But Asia and North Africa seem to be everybody else's concern excepting that of the people of these vast lands! (*loud cheers*) Egypt thirsts for independence; but the Suez Canal is Britain's gate to the Indian Ocean. Turkey desires to be let alone; but in their feverish quest for ice free ports and access to open seas, the Soviets, as zealous as the Czars, cast longing eyes on the Bosphorous and the Dardenelles, for entry into the Mediterranean and on the Persian Gulf. Russia with its own great resources in oil does not covet a share in the oil resources of Iran or Iraq except in so far as it enables it to get a corridor to and a port on the Persian Gulf. India wants independence; but we with our forty crores, offer an excellent market for the Industrial West and command the Indian Ocean, which despite its name is dominated by Britain. Burma, Malay, Annam, Indonesia, China and now Japan seem to have become lands where everybody seems to have a finger in the pie. With U. K. in India, Tibet, Burma and Malay with U. S. A. entrenched in the Philippines and Japan, with U. S. S. R. in Turkestan, Singkiang, Mongolia and Manchuria the

situation is a most unhappy one. The Near, the Middle and the Far-East—for them the great problem of independence and development—is awaiting solution. Parcelling out great natural regions into small States seems to be a favourite game which is being played out on the international chessboard by the Three Great Unions. The German States, the Danubian States, the Balkan States in Europe, the Arab States and Iranian States, the Indian States, the Indo-Chinese States, the Indonesian States, the Chinese States—the entire World—seems to be becoming a parcel of small states lying at feet of the Big Three.

THE AGE OF CO-OPERATION

We are Co-operators, not competitors. We believe in service, not in gain; we believe in protection of the weak, not in the survival of the fittest; we believe in distributive justice, not in continued exploitation, increasing production and extending maldistribution; we believe in the common good, not in individualism; we believe in the fundamental unity of the human race—our multi-coloured flag is evidence of this, not in distinctiveness in caste, creed or colour; we believe in universal brotherhood and peaceful endeavour, not in communalism, nationalism, with armed clashes and crashes; we believe it is the privilege of the strong to serve the weak, not to work for self-aggrandisement; we believe in training and assisting the weak, not in a perpetual trusteeship by the strong. The War may be a blessing, for out of it a genuine New Order may be born! The days of competition, aggression, militant nationalism are gone; those of co-operation, internationalism, universal brotherhood have come. No mere bodily vigour of a Bhimsen, of a Hercules, of knights of old, can be worshipped to day; no mere mental development or skill as of Arjun of old, assisted by science prostituted to the cause of human destruction, can receive our laudation: our homage now goes to the pure heart and advanced soul of a Yudhistir or a Buddha and his modern counterparts. The real trinity of man lies in his body, mind and heart. In these three, fully developed, lies perfection. It is love not lust, it is construction not destruction, it is happiness not luxuries, it is peace not war, that should actuate, animate and fill us. No more hunt for pleasure or leisure or treasure! No more confusion by effusion of mere words. It is the strong who can sacrifice. All glory to him who gives, so that all may rise; who strives, so that all may thrive! Amid the confusions of the Post-War period, we see however the gleam of a new birth—the spirit of the New Age—Co-operation. The latter half of the twentieth century, we co-operators devoutly trust, will be an age of co-operation, of co-ordination of amity and friendship.

Speaking as I do from Lucknow I feel that co-operation will have Luck from now onwards. (*Cheers.*) Co-operation is the dominant pervading spirit of the New Era not only in international affairs but in national economy. The Industrial Revolution let loose unbridled individualism on the world. State regulation followed soon in its wake and to-day democracies, autocracies, and bureaucracies are all so keen on the extension of

the sphere of State regulation that the State itself plans, implements and achieves; the individual or groups are merely the instruments. In times of war, this subordination of the individual or of groups may be justifiable, nay even be necessary; but in times of peace this encroachment of an all-pervading State, whether national or alien, whether truly representative or not, is opposed to all canons of justice and fairplay. A healthy and well-ordered Co-operative Movement is the only sound basis of national economy, not only for the uplift of the agriculturists but for all others. It is this movement which will lead to a general raising of the mass level and avoid the unhappy spectacle of a few tall poppies in the midst of depression and stagnation.

FOOD SHORTAGE

To-day, we are passing through an area of shortages—shortage in food, clothing and shelter—the primary needs of man, and shortage in transport so essential for effective distribution as to be almost a primary need too. These are the days of controls and rationing, of regimentation, of queues at ration-shops, and bus stands, at railways' booking offices, at cinemas. These are the days of overcrowding never experienced before—overcrowding in homes, overcrowding in trains, almost to the point of suffocation, overcrowding in monster meetings almost to the point of stupefaction (*cheers*). These are the days of hanging on—hanging on the footboards of trams, trains and buses, hanging on officials who control, for release, (*continued cheers*) hanging on to territories and possessions however acquired, hanging on to untenable dogmas, hanging on to bare life. These are the days of the racketeer, the profiteer and the black marketeer. The spectre of scarcity and famine co-exists with secret storing and hoarding and with waste. India, the land of plenty, has become all at once the land of scarcity, the land of famine. India is pre-eminently an agricultural country and yet we have not enough to eat and live. We must accept the rations—bad though in quality and insufficient in quantity. Good God! one may well say, what a world we are living in! Our production is less, we are told. Is it less the world over? We are told, exports have been banned; yet there is a vague misgiving, for we are told some exports are permitted to feed Indian troops abroad. One might well wonder whether America, Britain and Australia used to send and now also send food stores to India to feed their own troops in India (*cheers*). One might well wonder whether the special rations—in quality and quantity—which were justifiably allowed to the military and combatant forces during the war are still being continued even now, though the war is over and the forces, during the long drawn process of demobilisation are and should be more or less in the same category as the civilian population. One cannot but feel, that there is something wrong somewhere—incomplete collection, imperfect analysis or faulty interpretation of statistics, corruption, inefficient handling, crude administration, hoarding and black-marketing—God knows what! This is however a problem, though of surpassing and prime importance, for Government to solve. We hope a National Government will soon be in power and

take vigorous measures to ensure that whatever else happens, Indians will not die of starvation. Imports, it is comforting to think, have been promised, and quotas are already on their way. Our ambassadors of the Food Mission have succeeded; but we want our administrators to succeed and see that the produce of our vast lands is conserved for our own vast population and that by sufficient and efficient irrigation and dry farming, we may never again face the grim spectre of famine that so stares us to day in the face.

PROCUREMENT AND DISTRIBUTION

In the Food Problem, we co-operators are directly concerned with the procurement by Government of food grains from agricultural producers and with their proper distribution. To entrust this task of procurement though colossal and unpopular to co-operative societies is desirable; the association at least of the co-operative societies with direct Government agency is desirable and practicable. But in the matter of distribution of the food grains thus collected one cannot understand why the work should not wholly be done through co-operative agencies. It is true, co-operative stores have sprung up by the hundreds to serve the needs of their members and of their localities during the control and rationing period; but while some of these are accepted by Government as agents, other agencies are often preferred and Government runs its own shops, approves private traders doing the business, while municipal and local bodies have also entered the arena. Co-operative distribution is essentially the function of the people concerned, functioning democratically through their own co-operative stores organisation and I feel no hesitation in asking Government to definitely lay down as its policy, the acceptance of the co-operative stores agency for the work of distribution. If some of these stores be not efficient and reliable, it is up to the Co-operative Department to see that they are efficient and reliable. Even then, one might well point out that the Government shops themselves and other agencies are also not above reproach (*Cheers*) and free from the canker of corruption. The formation of co-operative stores in larger and yet larger numbers, their encouragement and their acceptance as trusted agents of the Government will go a long way towards the evolution of sound and well ordered Consumers' Co-operative Movement which is so sadly lacking in India to-day. The training and experience these stores will get during the days of rationing, when they have an assured market, will stand them in good stead later when controls are removed; and the habit of obtaining supplies from their store society formed during this period will be a valuable aid to maintaining loyalty to the stores later on. Collectors and District Magistrates should in my opinion be positively asked by Government to take steps in collaboration with the Co-operative Department to start co-operative store societies where they do not exist and to entrust to them the work of food grains distribution.

CO-OPERATIVE STORES

While on this subject, I would like to draw attention to one aspect of the Co-operative Stores' Movement. It may well be that on the removal of

the economic controls and rationing and the return to some extent of normal conditions, the stores societies that have grown up in recent years may be faced with prospects of disintegration, collapse and liquidation. It would be almost criminal on our part to allow such a catastrophe to occur. Bad stores cannot, it is true, be bolstered up and somehow kept alive; for even then these might drag on only a few more years of anæmic existence, become moribund and ultimately close down. What is needed is a powerful Co-operative Store Organisation, a sort of a wholesale which would prop up the smaller units and make it possible for India to have a sound distributive system on a co-operative basis. The old orthodox idea of a number of retail stores federating into a wholesale may not be possible in a number of cases; but it strikes me that these small store societies in a compact area such as a District Headquarters, town or the Provincial metropolis itself, can well amalgamate, so that a large Co-operative Store may be formed with a large share capital of a few lakhs and with a Reserve Fund of a few lakhs from the very start. Such a strong unit will be able to get on successfully and utilise the amalgamating units as its branches or retail stores as may seem most proper under the circumstances. In this way, almost all the district towns will be provided with large stores organisations partly unitary, partly federal, which could and should federate into a Provincial wholesale. The Provincial wholesale can similarly give us an Indian C.W.S., which in course of a few years, can become a great directing force and powerful instrument for the development of the Co-operative movement. I earnestly plead for the present opportunity to be seized. Let slip the occasion by vague fears and theoretical objections and the consumers' movement remains neglected as heretofore: grasp the opportunity and you will do a great service to the Co-operative movement.

AGRICULTURAL FINANCE SUB-COMMITTEE

Among the numerous committees and sub-committees that were set up by the Government of India, there are two which claim our attention—the Agricultural Finance Sub-Committee and the Co-operative Planning Committee. I wonder why a separate Agricultural Finance Sub-Committee should have been considered necessary, when a Co-operative Planning Committee was appointed. Agricultural finance has been hitherto, and rightly too, the prime concern of the Co-operative movement and if any departures or variations from established usages were necessary, the Co-operative Planning Committee could have been trusted to suggest them. The appointment of two bodies has led, as it could have been expected to lead, to contradictory or inconsistent recommendations on the subject as vital to the problem of rural economy in this country. The very fact that a special sub-committee was appointed perhaps may have acted as a suggestion that the discovery of some alternative to finance on a co-operative basis was expected of that sub-committee. With the great development of the Co-operative Credit Movement in this country, during the last forty years and the establishment of central financing agencies and provincial apex

institutions to support and guide the primaries, and with the much greater developments and improvements expected under the Post-War Economic Planning Scheme, in that direction, this was obviously not possible and the sub-committee seems to have foundered and fumbled and made recommendations that will not bear impartial examination. The sub-committee have evolved for agricultural finance a scheme of agricultural credit corporations and yet do not ask for the winding up of the co-operative system, so that a dual system would operate. Further, the agricultural credit corporation also would deal with the agriculturist through the medium of co-operative organisations, leading to confusion in this dual system. If inefficiency of working or insufficiency of funds led them to recommend the creation of these State-aided Corporations, the proper recommendation should have been strengthening of the Co-operative Movement by effective State-aid in the same manner. The creation of a new credit agency side by side with the old one, both being State-aided and controlled, and both having elaborate organisations reaching down to the masses can only lead to confusion and inefficiency. The new agency is sought to be imposed from above and is autocratic; the old one has grown up from below, is representative and is democratic. The solution lies in enlargement, extension and expansion, efficiency of administration and sufficiency of funds through effective and substantial State-aid of the vast organisation that is already there and not in setting up another vast organisation side by side. The Co-operative Planning Committee, I am sure, must have exposed the weaknesses and incongruous character of the basic recommendation of the Agricultural Finance Sub-Committee and must have asked for a policy of vigorous expansion of co-operation with a full measure of State-aid.

CO-OPERATIVE PLANNING COMMITTEE

The Co-operative Planning Committee completed its labours before the Christmas of 1945 and I was confident that their Report would be available to us to-day for discussion. But it is not available and we will not be able to dissect, analyse, support or criticise the recommendations made therein. Since the MacLagan Committee laid down dicta for the Co-operative Movement in India in 1915, there has been quite a plethora of Enquiry Committees, but all provincial in scope and in vision. This is the only All-India Committee appointed since then and we have a right to look forward to their Report as laying down dicta for the future. India stands at the threshold of her destiny; the age-long alien domination is about to pass away; a national government is coming into office at no distant date; and the Co-operative Movement intended to substantially help in the economic regeneration of the masses gains a peculiar interest in that under the new driving force and national impetus, it is bound to yield the fruits denied so long even after forty years of experiment, vicissitudes and tightening of official control. Planning is easy; implementation is difficult. Industrialists may plan and dream of huge trusts and combines and big factories; transport experts may plan and dream of breakfast at Bombay, lunch at Calcutta and dinner at Singapore (*Cheers*); airmen may plan for aerial goods

trains and even for castles in the air. (*Continued cheers.*) Agriculturists may dream of debt-free clean slates and mammoth yields; and co-operators may well plan and dream of the universal acceptance of the co-operative ideology and the whole national economy being based on co-operation—agriculture, trade, industry and transport. We should not expect however anything so visionary or imaginative from the Co-operative Planning Committee.

We do expect from them however the laying down of the essentials under the new conditions of the country. And, what are these essentials?

1. THE CO-OPERATION PORTFOLIO

There can be no doubt that there must be a programme of great expansion, great diversification and great development of the co-operative movement. For this, the co-operative departments in the provinces will have to be much expanded and strengthened. Trained personnel for the complicated business of purchase and sale and for the rejuvenation and resuscitation of village industries will have to be provided by the State. The State will have, therefore, to bear a far heavier financial burden than it does at present. Co-operation is a minor subject to-day, entrusted among others of greater importance, to one of the Ministers. This will have to change. Co-operation must be recognised by the popular ministries now in power as one of the key subjects of national importance. It is co-operation, on which we pin our faith for the conversion of our impoverished and indebted agriculturists into a smiling healthy peasantry by adequate, timely and sufficient finance, by better disposal of their produce and by cheaper supply of seeds, manures and other agricultural requirements and by enabling them to increase their income by processing work or by subsidiary occupations, without which otherwise they enjoy not a vacation but an enforced leisure, a leave without pay for three months out of twelve. In this connection, it is pleasant to note that in Bombay, at any rate, a distinguished co-operator is now in charge of the co-operative and village industries portfolios in the person of the Honourable Mr. Vaikunth L. Mehta, the gifted son of the Grand Old Man of Co-operation, in India, Sir Lallubhai Samaldas. It is also pleasant to note that the small province of Orissa has now an Indian Governor in the person of Sir Chandulal Trivedi, who first made his mark as Registrar of Co-operative Societies in the Central Provinces. I confidently look to the future in these two provinces at any rate, for a Co-operator-Governor and a Co-operator-Minister cannot possibly fail to achieve results. I congratulate these two colleagues and co-workers of ours and hope that in other provinces also, Co-operation will come into its own as an important nation-building Department of State effort towards Economic Planning and Re-construction.

2. REPRESENTATION IN THE LEGISLATURES

To serve the same purpose, I may be permitted to suggest that Government would be well advised to arrange by nomination or otherwise

for one or more representatives of the Co-operative movement to be in the legislatures, both Provincial and Central. If these representatives are to be elected, the All-India Co-operative Associations and the Provincial Co-operative Organisations like the Bank, the Land Mortgage Bank, the Marketing Society and the Insurance Society might well be seriously considered in that connection. The economics of a country are intimately bound up with agriculture, commerce and industry. While the representatives of commerce, through the British or Indian Chambers of Commerce, and the representatives of Industry, through the Mill Owners' Associations, get representation not only in the legislatures but also on the Municipalities, Port Trusts and even Educational Institutions, it is a pity that Co-operators representing largely agricultural interests have no representation at all anywhere through their All-India or Provincial Organisations. It is indeed high time, this glaring omission was remedied at an early (*hair, hair*) date.

3. CO-OPERATION AND PLANNING

The strong trend for Planning presents one very great danger. All our reading tells us and all our thinking confirms it, that co-operation is a perfectly voluntary association of people for economic betterment on the basis of thrift, mutual help and self-reliance. And yet, when planners plan, they envisage compulsory co-operation. I have no objection to the State asking for and getting co-operation from groups of people, even under compulsion; but I do object to calling such co-ordinating groups, co-operative societies. Once a co-operative society is formed, I can understand the coercion, for the common good, of recalcitrant minorities, but I cannot understand dragging people into a co-operative society through compulsion by the legislature. Where the good of an area demands it, the State is perfectly entitled itself to take action; it is perfectly entitled to induce, by propaganda and grant of concessions, people of the area to form themselves into co-operative organisation; but it is not entitled to coerce and compel people into forming a co-operative society. Compulsion is the very antithesis of co-operation and I most strongly urge that in their zeal for the development and progress of co-operation, Government will not be tempted to associate any form of compulsion with co-operative planning.

4. CENTRALISATION OF CO-OPERATION

The All-India Co-operative Council—Co-operation has been a provincial subject since the introduction of the Montford Reforms; but there appears to be a growing trend towards the centralisation of co-operation. While nobody dreams of robbing the provinces of their autonomy as regards co-operation, there seems to be a growing feeling that the provinces would benefit immensely by wise direction from the centre. To this end, Conferences of Registrars were being convened periodically to which a few co-operators were invited; and the All-India Co-operative Conferences met periodically to which high co-operative officials were invited. To my mind, two conferences—one of co-operators, with a few Co-operative Registrars and the other of co-operative officials with a few

co-operators—to some extent, duplicate each other. The better and wiser course is to have an All-India Co-operative Congress meeting once a year, where Registrars of Provinces and States and representatives of provincial co-operative organisations attend as members. Such a congress would thresh out problems, discuss policies and arrive at conclusions and give wise direction to provinces and States. An All-India Co-operative Council has been suggested, more or less on the model of the Council of Agricultural Research. This, to my mind, is not the correct forward step. There are already our two All-India Co-operative Associations of the Institutes and Banks. These work in great harmony and yet, if need be, they could be combined and other provincial co-operative organisations like those, for Marketing, Weaving and Insurance might form their All-India Associations. All such All-India Associations could combine into an All-India Co-operative Council. The institutions represented in the Council would not be able to provide adequate financial resources for its very comprehensive and difficult functions, and substantial subventions by the Central, Provincial and State Governments will have to be made. Their senior departmental officers would be then members *ex-officio*. Such a Council would convene periodic sessions of the whole body, which would really mean an Indian Co-operative Congress, arrange for committees and sub-committees, establish an All-India Co-operative Research College and give the necessary lead to the provinces and States. An All-India Co-operative Council should be a body where co-operators—responsible heads of big co-operative organisations and responsible heads of co-operative departments, the Registrars,—meet on equal terms. A council of Ministers and Registrars with a sprinkling of co-operators cannot be the All-India Co-operative Council—it would be a strange misnomer!

There has been a quaint usage in our country of referring to co-operators as non-officials. Are there any official co-operators at all? There may be, there are, it is true, gifted co-operative officials; but they do not practise co-operation, they do not necessarily accept co-operation; they do not necessarily believe in co-operation; they are merely administrators of co-operation. (*Cheers*.) To-day, they may be co-operative officials; tomorrow, revenue; next, judicial, education and so forth. While they are co-operative officials, they are expected to be not merely administrators or Registrars but also to be the friends, philosophers and guides of the movement. But all this does not make them co-operators, members of some co-operative organisation or the other and believers in the co-operative creed and ideology. I am earnestly of opinion that the time has come when an All-India Co-operative Council could be and should be fruitfully established forthwith with the unstinted support of the State composed of elected representative co-operators and *ex-officio* official members from Provinces and States. The deliberations, researches, discussions of such a Council would be authoritative and most useful and contribute materially to efficient development and success of the Co-operative movement in all parts of the country.

Provincial Co-operative Councils could be similarly constituted where co-operators representing the different forms of co-operative effort may meet the senior co-operative officials periodically on equal terms and which may become the directive force in co-operative policy in the provinces and States.

5. DEOFFICIALISATION

The State in India has been very closely associated with the Co-operative Movement from its very start forty years ago; and has now practically taken charge of the movement through increasing officialisation and greater control. The Registrar of Co-operative Societies, far from being merely the registering officer as in the case of Joint Stock Companies, was to be friend, philosopher and guide and soon constituted himself into a trustee of the societies. From him, came the drive for a rapid multiplication of societies in the earlier years of the movement; with him, rested directly or indirectly the extent and availability of finance for the primaries from the central and provincial banks; with him rested supervision, inspection and audit; from him came continual streams of circulars giving advice and guidance which soon acquired the force of law; with him remained the power to interfere with the day-to-day working of societies through the discretion vested in him by law about the registration of societies and registration of amendments of by-laws; and with him rested to a certain extent the power of regulating investments of the surplus funds of societies. And yet, despite this complete control, on him rested not the responsibility. If a society failed, it was the members' sins of commission and omission that were responsible; Government and its officials remained immune from all liability and blame; the sense of security that the public had, because of State control, turned out to be more a fancy than a reality. Forty years of this controlled regime of an essentially democratic and popular movement and the failure to achieve the economic regeneration of the masses to any appreciable extent, or in any one direction should be enough to suggest that the solution lies, not in the further tightening of the control, and in the appointment of ever more and more officials, but in the decontrolling of the movement, so that, with the absence of unnecessary and, perhaps vexatious interference, a greater sense of responsibility would be evoked amongst the members who, by coordinated efforts and guidance from their own federations, would secure better results. The great transformation that attends the cessation of cramping controls and accession to power and responsibility is often not fully realised. The time has now come for relaxation and withdrawal of official control and to allow the movement to be run ever more and more by the people themselves, for whose benefit, after all, the societies exist.

It may perhaps be argued that, with popular ministries now functioning in the provinces and with a national interim Government at the Centre in the offing, the objection to this official control should disappear; for the Registrars are officials controlled by the Minister in charge who is an elected representative of the people. But the objection does remain even

then. Co-operation is a democratic movement and should be governed and supervised from within. The Minister like the Registrar is not a co-operator as such and even if he is, he is not elected by the Movement to represent co-operation and, at any rate, lacks the experience and knowledge of the various co-operative organisations.

In connection with our demand for the deofficialisation of the Movement, the question is not of increasing participation of 'non-officials' but of the withdrawal, gradually and wisely, of outside control from co-operative organisations. Trusteeship of beginners one can justify; but perpetual tutelage is entirely foreign to co-operative ideology and to co-operative practice throughout the world. Trustees and guardians usually take shelter under the belief that their wards are not yet fit enough. But surely, so far as the Co-operative Movement is concerned, such a plea cannot be endorsed. Forty years are a sufficiently long period to discover at least a few out of a lakh and odd co-operative societies in India, which have an efficient and trained body of members, which have achieved success and which, therefore, while remaining within the co-operative fold, could be freed from restraint and control, and left to look after themselves.

I recommend that Registrars be instructed to select co-operative societies under them, which have been conspicuously successful for a fairly long period whether in rural or in urban areas and to exempt them from various provisions of the Co-operative Act so as to secure to them unrestricted freedom to manage their own affairs, the Registrar retaining the power of occasional audits and inspections so as to satisfy himself about their continued efficiency. Such lists of societies might, of course, be revised, enlarged or curtailed from time to time according to the rules framed in that behalf. Where such societies can form a convenient group, I recommend that they be welded into a federation, to which could very well be entrusted the duties of supervision and control, thus substituting a system of internal in place of external control. In urban areas, numerous societies will be found to deserve this treatment. Large urban co-operative banks, more particularly in Bombay, and large employees' or salary earners' societies, such as those of the Railways or the Post Office, can thus be exempted and permitted to be self-governing, the control being vested in their own federations. I recommend that a fuller and more generous measure of freedom be accorded by the State in the case of such urban co-operative organisations which have usually an efficient and trained staff and a competent directorate. Large commercial and industrial joint stock companies are being successfully managed by the urban population and there is no reason whatever to doubt their ability to achieve similar success in the smaller co-operative organisations, preserving their essential co-operative character by strict adherence to distributive justice and the eschewing of all exploitation and capitalistic trends.

Progressive deofficialisation is all the more necessary at the present juncture, when the Co-operative Movement is on the threshold of vast

expansion and diversification. Popular initiative, popular management, internal control are but the necessary requisites of co-operation and will have to be sedulously harnessed to the cause, for the success of the vast programme of expansion and diversification.

6. NON-STATUTORY FUNCTIONS OF THE REGISTRAR

The Registrar under the Co-operative Law is charged with certain duties. These are in connection with registration, audit and cancellation. These statutory functions should continue to be performed by the Registrar and his staff for all societies registered under the Co-operative Societies Act. It is the gradual encroachment by the Registrar in other matters, it is the non-statutory functions, taken up by him which constitutes what is popularly regarded as vexatious interference and demands attention. There is organisation, supervision and periodical inspection. Nowhere does the Co-operative Societies Act of 1912 confer these powers on the Registrar and yet he performs these functions and exercises, if he chooses, a great measure of control even over the day-to-day management also. At the time of registration, the by-laws of societies are pressed into conformity with a standard pattern; the registration of amendments of by-laws gives a further occasion for changes; and often the words "with the approval of the Registrar" are added to some of the proposed amendments so that the Registrar secures power, not conferred on him by statute and prescribes, regulates, supervises and inspects the affairs of co-operative societies. This state of affairs is a great impediment to the healthy growth of the Movement and fosters a sense of irresponsibility among the members of societies. Control without responsibility by officers who have no stake in the societies should not be allowed to continue.

Maintenance of the voluntary character, representation in the Legislatures, the formation of All-India and Provincial Co-operative Councils and progressive deofficialisation are among the essentials defining the relation of the State to the Co-operative Movement and we have every hope, the Co-operative Planning Committee must have stressed these in no uncertain terms.

CO-OPERATIVE EDUCATION

There is another essential which so far has not received the close attention it deserves and that is Co-operative Education. The success of co-operation must very largely rest upon the quality, educational and cultural, of the human material, and the most essential requirements of the movement to-day appear to me to be a strong drive in the rural areas, particularly, for the dispelling of ignorance and for raising the agriculturists to a higher level, not necessarily in literacy, but in knowledge and general information. General education, no doubt is the function of the State; and yet if co-operation is to succeed, general education will have to be taken up to some extent at any rate by the Co-operative Movement itself which requires it for its own success. It would be too long to wait for the results of the post-war educational developments in India as envisaged in the Sargent

Report and it is for the co-operative movement itself to prepare its own ground by undertaking adult education or information classes in villages through a few paid workers supplemented by a much larger number of non-official social workers through the provincial co-operative institutes or unions and their branches. It is further very necessary for the continued success of the movement to inculcate at a very young age the ideals of co-operation and to present to them the outlines of the work done by the Co-operative Movement to the young school-going generation and for this purpose it is very necessary that lessons on co-operation should be included in the vernacular reading series in the different provinces and States as has already been done in Madras and the Punjab.

For the practical application of the principles of co-operation, it is desirable to encourage the formation and working of small co-operative stores in high schools. The working of such stores will be a valuable lesson to young students who will be thus trained to some small extent in co-operative work by their teachers. In Bombay and Madras, such stores are numerous and do good service in the cheapening of books and stationery. It would be very desirable if, at each college, there was a similar store where the students could work more independently than in schools and where the training would be more effective. As a further step in the same direction a provincial co-operative book store could very well be organised at the University centre subsidised, if necessary, by Universities and its constituent colleges.

Besides general education, the co-operative movement needs, ever so much, the expansion and systematisation of co-operative education, *i.e.*, education in the practice and principles of co-operation. The need for training of secretaries, and members of managing committees of rural societies, for a definite place to be given to co-operation as one of the separate optional subjects of study for the Bachelors' and Masters' degrees in Arts, Commerce and Agriculture and for a Provincial College or Institute for all workers—whether employees of the Department or employees of large co-operative organisations, have been stressed in no uncertain terms from this platform. The need for an All-India Co-operative College or Institute for advanced Co-operative studies and for Co-operative Research is no less strong and such an institution has been consistently advocated by us in the past. I would not like to elaborate the details of the organisation of these institutions here and prescribe the courses of studies. I would however like to emphatically state that in my opinion all work in connection with co-operative training, education and research should be entrusted to Provincial or All-India Co-operative Organisations and should, on no account, be managed by the State. Of all functions necessary for the healthy growth of the Co-operative Movement, like propaganda, organisation, supervision and focussing of co-operative opinion, co-operative education and training is the least debatable as being most suitable for being undertaken by co-operators themselves through their Federations or Institutes.

So far I have been speaking about the externals of co-operation—the international outlook, its place in national economy, the relation of the State to the Movement and Education and Training. These externals have a unique importance, for they lead to success. However great the internal efficiency may be, the Movement cannot reach the goal, unless the people are trained, unless the State assists and trains but does not keep it in perpetual tutelage, and unless the world opinion is favourable.

INTERNAL PROBLEMS AND NEEDS

The internal problems and possibilities are no less great potent. Hitherto co-operation spelt rural co-operative credit. This can no longer be. The evils of usury must be eliminated; debts must be grappled with firmly; and co-operative credit must be linked with marketing. Indeed marketing is to my mind the pivot on which the whole fabric of co-operative policy should turn. The first half of this century saw us wedded to credit and saw developments of a large departmental staff and central and provincial structures for the purpose. The second half, however, should see an equally great insistence on marketing—the co-operative sale of agricultural produce, the supply of agricultural requisites and, withal, functioning in some measure as a co-operative store organisation too. Unless the State and national leaders fully realise the need for effective and better marketing on a co-operative basis and evolve efficient organisations in the village, the taluk, the district and the provincial capital for this purpose, the co-operative movement will not yield results commensurate with the efforts and will of the workers. The development of marketing brings in its train the need for insurance and I earnestly plead for the establishment at an early date of an All-India Fire and General Co-operative Insurance Society. Co-operative Life Insurance has also in my opinion a very important place in the Body Co-operative. Life insurance is a preventive weapon against indebtedness; co-operation is but a cure; and prevention is any day better than cure. Life policies and marriage endowments would be great antidotes against the virus of indebtedness and deserve very serious consideration. The financial aspect, however, is fraught with some grave anxiety; the farmer is too poor; he cannot afford to purchase insurance. Our statistics show however large sums as deposits from members. Why cannot these be utilised by the depositing members for the payment of premiums? Further, it is the duty of the State to subsidise insurance for small sums, for agriculturists and cheapen it. Provincial Co-operative Life Assurance Societies and an All-India Fire and General Co-operative Insurance Society are organisations that immediately demand the earnest attention of co-operators, and co-operative departments.

With the debt situation considerably relieved, due to high prices of the war period and State legislation for debt relief, with improved credit and effective marketing the agriculturist is nearer his emancipation from hopelessness; but the enforced leisure needs to be made remunerative too. This can only be possible through intensive agriculture, made possible by

consolidation of holdings, dry farming and adequate irrigation; for, agriculture can then become a full twelve months' job and an industry for profit, not for subsistence. Even, otherwise, processing work will have to be undertaken and secondary industries promoted, so that the leisure from agriculture can be put to remunerative uses. It is not in thrift only that the agriculturists' salvation lies; it is not in his repaying capacity that his credit-worthiness lies; it is his earning capacity that will be a true index of the progress made by co-operation in its task of the economic regeneration of the rural population of India. All these will have to engage our attention. I do not wish to bore you with a detailed analysis of what should be done and how, in each department of co-operative effort. In your deliberations, you will go down to details and formulate your needs in this respect and make concrete suggestions and proposals.

URBAN CO-OPERATION

My omission so far to refer to urban areas need not be construed as suggesting that the Co-operative Movement has nothing to offer to the urban population. Co-operation is a method; it is a form of economic organisation; it can be suited to urban and rural problems alike; but it can have an appeal to the small man only. The strong can unite and form combinations—trusts, combines, cartels, associations and so forth. The large scale industrialist and the wholesale trader, home or foreign, does not quite need co-operation. But the small man, be he the toiling clerk, or the sweated artisan, the dock labourer or the factory operative, the oppressed tenant or the retail shop-keeper, does need the beneficent organisation of co-operation, as a consumer, as a producer, as a householder, as a bread-winner. Urban credit through peoples' banks, thrift and provision through insurance and pre-vision, production of special articles through small scale industries, distribution through retail co-operative stores, houses and tenements through housing societies—all these are very much needed to ameliorate the lot of the small man in towns. The literacy and greater business ability of these people, however, have made for success and I have often prescribed a dose of urban co-operation to my friends who feel disillusioned about the merits of co-operation as a method of economic betterment. It is in these areas particularly that deofficialisation is most urgently called for. The powers of the Registrars, statutory and non-statutory, are felt as vexatious interference and appear galling. The State need not concern itself financially or otherwise so very much with urban co-operation which, through their federations, can surely be trusted to do all that is right and proper generally speaking.

I do not wish to go into the detailed examination of these internal problems and projects of urban and rural co-operation, but content myself with the hope that you will select the most important and urgent of such problems only, analyse these with great care and formulate your views, resolutions and recommendations accordingly. I have no doubt, that these will receive all the attention they deserve in responsible quarters and inspire suitable action.

For me, it has been a pleasure and a source of pride that I have been able to serve the Movement for over twenty-eight years and to have had the privilege of working with men, who have made co-operative history in a sense, like Mr. G. K. Deodhar and Mr. N. M. Joshi of the Servants of India Society, Sir Lallubhai Samaldas and the Honourable Mr. V. Ramdas Pantulu, Mr. S. S. Talmaki, Sir Janardhan Madan and the Honourable Mr. Vaikunth L. Mehta. If these long years and pleasant associations have taught me anything, it is this—that even a powerful intellect remains sterile unless the heart pulsates with co-operative ideals and that there is for India "No Salvation without Co-operation."

RESOLUTIONS PASSED AT THE CONFERENCE

1. Condolences.

(a) This Conference places on record its deep sense of sorrow and grief at the sad and untimely death of Mr. Wajahat Husain, Deputy Governor of the Reserve Bank of India, and sympathises with the members of the deceased family. By his death the Reserve Bank of India has lost one of its ablest officers and the Co-operative Movement, one of its great sympathisers. He played a prominent part in the deliberations of the Co-operative Planning Committee of the Government of India.

(b) This Conference places on record its deep sense of sorrow and grief at the death of Prof. V. G. Kale of Poona. In him we have lost an economist, a co-operator and a fellow-worker as Vice-President of the Bombay Provincial Co-operative Institute and Director of the Bombay Provincial Co-operative Bank, Ltd., Bombay.

2. Congratulations.

(a) This Conference places on record its appreciation at the appointment of Sir Chandulal Trivedi as Governor of Orissa. Sir Trivedi first made his mark as Registrar of Co-operative Societies in Central Provinces and Berar.

(b) This Conference places on record its appreciation at the appointment of Mr. Vaikunth L. Mehta as Minister of Finance and Co-operation in Bombay. He is the first co-operator of note to attain the ministerial rank.

(c) This Conference places on record its appreciation on the appointment of Raj Priya Dinshaw Ratanjee Daboo, a distinguished co-operator, as Development Member by the Government of Baroda.

(d) This Conference congratulates the Government of India on the appointment of Diwan Bahadur S. Aravamudu Iyengar, Vice-President of the Central Co-operative Union, Hyderabad, Dn., to the Ministership of H. E. H. the Nizam's Government.

3. Report on Agricultural Finance Sub-committee.

This Conference very much regrets that it cannot accept the basic recommendation, as reported in the Press, of the Agricultural Finance Sub-committee regarding the establishment of Agricultural Credit Co-operations. The creation of a new credit agency side by side with the old one both being state-aided and controlled and both being elaborate organisations reaching down to the masses can only lead to confusion and inefficiency. To serve the needs of all agricultural borrowers who are outside the Co-operative Movement to day this Conference is of opinion that the Co-operative Credit Organisation should be enlarged and extended and should receive sufficient State-aid to secure efficiency of administration and sufficiency of funds.

4. Co-operative Planning in India.

(a) This Conference requests the Government of India to expedite the publication of the Report of the Co-operative Planning Committee which is overdue.

(b) This Conference requests the Standing Committees of the two All-India Co-operative Associations to convene a special session of the All-India Co-operative Conference as soon as possible after the publication of the Report. A thorough discussion and understanding of the Report by co-operators is necessary before any action is taken by Provincial and State Governments.

5. Centralisation of Co-operation.

This Conference is of opinion that instead of there being two Co-operative Conferences meeting periodically, one of the Registrars of Co-operative Societies and their advisers and invitees and the other of co-operative organisations under the auspices of the All-India Co-operative Associations to which co-operative officials are also invited; there should be only one Conference. It would lead to a better understanding and more harmonious working if co-operative officials and responsible heads of co-operative organisations meet as members on equal terms in the Indian Co-operative Congress.

6. Representation of Co-operative Movement in Legislatures.

This Conference is strongly of opinion that Co-operation, as the recognised agency for rural betterment in India, should be represented in the Central, Provincial and State Legislatures. This is more urgent in view of the facilities and privileges enjoyed by the various Chambers of Commerce and Industrial Associations by the grant of special constituencies.

7. Deofficialisation of Co-operative Movement.

This Conference is strongly of opinion that Governments—Central, Provincial, and State—should take early steps to indicate the change of tone in the working of the Co-operative Movement in the country and to declare

progressive deofficialisation as its accepted policy. For this purpose, this Conference invites the attention of Governments to the need for—

(1) preventing Provincial and State Registrars from taking up certain non-statutory functions like supervision and inspection; and

(2) relaxation of control and grant of autonomy to:

(a) urban co-operative societies and their federations,

(b) rural co-operative credit societies in 'A' or 'B' classes for the last ten years continuously.

8. Demobilised Soldiers and Co-operation.

(a) In view of the fact that demobilisation of Indian forces has started in right earnest and sufficiently large number of officers and other ranks have already been and will be released, and in view of the fact that systematic efforts have been made in the Services to inculcate the ideals and value of co-operation, thrift and proper use of war savings, and that military training and life have taught them a trade, improved their skill and efficiency, and developed in them qualities of discipline, regard for duty, punctuality, initiative, resourcefulness, and working in a team and co-operative spirit, this Conference resolves that adequate facilities be provided in all co-operative institutions to impart practical training in co-operation and that the services of suitably qualified personnel including I. N. A. personnel be utilised in the working and expansion of the Co-operative Movement.

(b) This Conference further recommends that the special capacities of ex-services personnel including I. N. A. personnel should be fully and immediately harnessed by the Central, Provincial and State Governments and co-operative institutions in the promotion of their post-war development plans and, in particular, in the land colonisation, small industries and workshops, construction of public works, running of motor transport, etc., which, in addition to ensuring maximum efficiency in out-turn, would also enable the man to secure increased return for his labour and tend to the general raising of the standard of living so essential to the well-being of the country.

9. Co-operative Banks as scheduled banks.

This Conference is strongly of opinion that the Provincial Co-operative Banks and other Co-operative Banks with a share capital and reserves of Rs. 5 lakhs and more should be included in the list of scheduled banks under the Reserve Bank of India Act on application.

10. Women's Provincial Co-operative Unions.

(a) Resolved that Women's Co-operative Unions be formed in all Provinces and that the Provincial Unions may form an All-India Union to exchange views and fix programme on an All-India basis.

(b) Resolved that a Committee consisting of ladies from the different provinces and States with the President and Secretary of the Association with power to co-opt be formed to draw up a constitution of this Union.

11. Food Situation and Co-operative Movement.

(a) This Conference is of opinion that all Provincial Governments should make it a point to get the schemes of "Grow-More-Food Campaign", procurement and distribution executed through Co-operative Organisations only.

(b) This Conference is of opinion that the whole production, marketing and distribution of farm products should be organised on co-operative lines as early as possible.

(c) This Conference expects the surplus food areas to share liberally their surplus with the deficit areas.

12. Co-operative Education and Universities.

(a) This Conference strongly recommends that there should be a Chair in every Indian University for Agricultural Economics and Co-operation.

(b) This Conference recommends that the practice and principles of Co-operation should form a special optional subject of study for the Masters and Bachelors in Arts, Commerce and Agriculture.

(c) *Study tours*: That the Provincial and State Governments should send official and non-official co-operators to other provinces and States within India and to foreign countries to study the working of the co-operative movement there as recommended by the Royal Commission on Agriculture in India and all expenses should be borne by the Provinces and States concerned.

(d) *Books on Co-operation for Schools*: With a view to introduce the elementary principles of co-operation among students it is very essential that suitable books and lessons should be prescribed for schools.

(e) *Co-operative Literature*: With a view to give substantial education in the principles of Co-operation and kindred subjects to members of co-operative societies, resolved that suitable literature dealing with the organisation and working of co-operative societies of various kinds, principles of citizenship, rural and urban uplift, improvement of agriculture and allied cottage industries, be prepared and published by the All-India Co-operative Institutes' Association in the form of small pamphlets of 16 to 24 pages in a monthly series in English language. This literature should be translated and published in simple vernaculars of different provinces and States by the Provincial Co-operative Institutes and the Registrars of Co-operative Societies so that ordinary villagers may be able to understand it without any difficulty.

13. Co-operative Insurance.

(a) *Fire and General Insurance*: This Conference is of opinion that an All-India Co-operative Fire and General Insurance Society with Provincial

branches be established and that the Co-operative Institutes' Association should take the necessary steps in the matter.

(b) *Life Insurance*: This Conference is of opinion that a Provincial Co-operative Life Insurance Society should be established in every province and State in India.

14. Profits of Co-operative Societies— Exemption from Income-tax.

This Conference requests the Government of India to exempt the income of co-operative banks and societies registered in British India and Indian States under all heads specified in Section 23 (8) of the Indian Income-tax Act from the operation of income-tax as these institutions have to play an important role in the post-war schemes of Provincial and State Governments and thus will have to make additional expenditure for enlarging the Co-operative Movement in each province and State.

15. Advances to Provincial Co-operative Banks and State Central Co-operative Banks.

This Conference requests the Reserve Bank of India to grant advances to Provincial Co-operative Banks and State Co-operative Central Banks at 2 per cent per annum against the security of Government paper whether directly or through the Imperial Bank of India to those Provincial Co-operative Banks and State Co-operative Central Banks which have not as yet fulfilled the requirements laid down by the Reserve Bank of India in its circular letter on the subject for financing the needs of members of co-operative societies in their respective provinces and States.

16. Reserve Bank of India—Remittance Transfer Facilities.

(a) This Conference is strongly of opinion that the Reserve Bank of India should be requested to extend the same remittance transfer facilities to the Indian State, Central and Provincial Co-operative Banks as it extends to Scheduled Banks and other co-operative banks in British India.

(b) This Conference requests the Reserve Bank of India to grant free remittance transfer facilities from the centre to the places where the Provincial Co-operative Banks are situated.

(c) This Conference further strongly recommends that the Indian State Co-operative Banks and co-operative credit societies be allowed to purchase shares of the Reserve Bank of India and become its members.

17. Investment of Funds of State Co-operative Banks.

This Conference suggests that the Finance Department of the Government of India be moved to remove the restrictions imposed on co-operative societies functioning in Indian States of getting a special sanction to invest their funds in Post Office National Savings Certificates.

18. Co-operative Marketing.

(a) This Conference lays great emphasis on the urgent need for the development of co-operative marketing of agricultural produce and for that purpose urges Governments—Central, Provincial and State—to render substantial aid for the provision of a trained staff for godowns and for processing work.

(b) This Conference further is of opinion that for the success of the Co-operative Movement marketing must be linked effectively with credit so that agricultural borrowers from credit societies should market their produce through marketing organisations.

(c) This Conference invites the attention of the Government—Central, Provincial and State—to the need for giving special facilities in the matter of internal movement of agricultural produce by the villagers.

19. Industrial Co-operation.

That every Province and State be urged to undertake schemes for the development of suitable industries on co-operative lines and for this purpose to promote the establishment of an Industrial Provincial Co-operative Association in each province and State.

20. Women and Co-operation.

(a) As most unfortunately adequate attention has not been paid to the formation of co-operative societies for women and helping them in co-operative activities, and the cart of progress in this country cannot move rapidly enough with one wheel only; resolved that at least one well-qualified Lady Assistant Registrar in each province and State be appointed to encourage the spread of co-operative movement among women by organising new societies and reorganising the existing societies for women.

(b) Resolved that every district and central bank should start one or more societies for women which may encourage the habit of thrift among them and also introduce suitable cottage industries by supplying raw materials and arranging for the sale of finished products.

21. New World Order on Co-operative principles.

Now that the devastating World War is over the United Nations of the World will soon engage themselves in bringing in a "New World Order" the All-India Co-operative Institutes' Association with the help of similar co-operative organisations in other countries should try its utmost to impress on the minds of those engaged in formulating the scheme for bringing in the "New World Order" that, while formulating the scheme, they should not forget that spirit of antagonism destroys and that of Co-operation creates and base their scheme for bringing in the "New World Order" on Co-operative Principles and Practice

22. Co-operation and Peace Treaties.

That the All-India Co-operative Institutes' Association, with the help and co-operation of similar organisations in other countries of the world, should carry on persistent preaching and propaganda to arouse in the minds of the peoples of all countries a genuine desire for world co-operation and fellowship so that they can force the hands of the representatives of the Nations meeting at the coming Peace Conference not to adopt the principles of exploitation of small vanquished Nations by big and victorious Nations but to be guided by the spirit of co-operation while framing the peace terms.

ESTABLISHED 1911

The Bombay Provincial Co-operative Bank, Ltd.

(Registered under Co-operative Societies Act)

HEAD OFFICE:

9, Bake House Lane, Fort, BOMBAY.

BRANCHES 43

Apex Bank of the Co-operative Movement in
Bombay Presidency

FIXED, CURRENT & SAVINGS DEPOSITS ACCEPTED

Telephone 32361.

Telegrams "Farmershop"

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

Ismail Building, Hornby Road, Fort, Bombay, I.

Sells all Agricultural Produce such as Fruits,
Vegetables, Cotton, Pulses, Oil Seeds, etc.,
and supplies all Agricultural requisites
such as Fertilisers, Insecticides, etc.

Address your orders and enquiries to:—

DEWAN BAHADUR H. L. KAJI, M.A., B.Sc., I.E.S., (Retd.) J.P. President.	Y.T. DESAI, B. AG. M. SC., (Econ.), (London), F.R. Econ. S., (London.) Secretary.
--	---

Phone No. 3807.

Telegrams: "COPMARKET."

The Madras Provincial Co-operative Marketing Society, Ltd.

(Registered under Madras Act VI of 1932.)

Head Office:—5/14, Stringer's Street, "Loane Square", G.T., Madras.

MARKETS

the Agricultural Produce of its Affiliated Co-operative Marketing Societies and its individual producers, scattered throughout the Presidency.

SOLE AGENTS FOR

the sale of Malt Extract with Shark Liver Oil, prepared by the Government Malt Factory, Coimbatore.

SOLE DISTRIBUTORS

of Coffee Seeds, Lipton's Tea, Sathukodi Oranges and Winco Matches to all the Co-operative Stores in the Presidency.

ALSO MARKETS

Cottage Industries' Products through its newly opened Sales Emporium at Wellington Talkies Buildings, Mount Road, Madras.

IMPORTS

Pulses, Grams, etc., from other Provinces on behalf of Central Stores.

Sri T. A. RAMALINGAM CHETTIAR, B.A., B.L., M.L.A. (Central),
President.

"CO-OPERATION"

The Leading Monthly Co-operative Magazine in URDU

ISSUED BY

The Punjab Co-operative Union, Lahore.

UNDER THE SUPERVISION OF

KHAN MOHAMMAD BASHIR AHMAD KHAN,
M.A., LL.B., M.R.A.S. (London)

Editor: **Mr. MOHAMMAD BAKSH MUSLIM, B.A., H.P., H.U.**

Annual Subscription Rs. 3.

Apply to:

THE PUNJAB CO-OPERATIVE UNION,
LAHORE.

The Madras Provincial Co-operative Bank, Ltd.

Head Office:—379, China Bazaar Road, Madras.

Balance Sheet as on 30th June, 1944.

	Rs.		Rs.
Capital	... 6,70,400	Cash	... 12,34,581
Reserves	... 36,80,330	Investment in Govt.	
Deposits	... 2,61,46,570	Securities	... 1,69,35,742
Loans	... 10,80,849	Other investments	... 2,77,000
Sundries	... 1,95,461	Loans and Overdrafts	1,28,07,924
Profit & Loss A/c.	... 2,60,219	Premises (acquired entirely out of profits Rs. 3,58,401).	
		Sundries	... 7,78,582
Total	... 3,20,33,829	Total	... 3,20,33,829

Analysis of Working.

	Year ending 30th June			
	1941	1942	1943	1944
	Rs.	Rs.	Rs.	Rs.
Paid up Capital	... 6,66,500	6,70,300	6,70,800	6,70,400
Reserves	... 27,88,803	33,25,730	33,91,109	36,80,330
Fixed, Current and other deposits	... 2,41,46,411	2,51,49,678	2,92,27,881	2,61,46,570
Net Profit	... 2,53,398	1,66,886	77,567	2,14,709
Amount transferred to Reserve Fund	... 75,000	50,000	25,000	1,00,000
Other Accounts	... 94,004	12,500	5,740	61,100
Dividend at 9 per cent.	59,941	60,107	60,365	60,368
Carried Forward	... 52,127	91,086	70,510	32,825

BANKING BUSINESS OF EVERY DESCRIPTION
UNDERTAKEN.

For Rules, etc., apply to:—

S. RAJARATNAM,
Secretary.

Printed by Sri R. Krishnamachari, B.A., at The Central Co-operative Printing Works, Ltd.,
1/17, Mount Road, Madras,
and published by Sri Ch. D. Prasada Rao, Farhat Bagh, Mylapore, Madras,
Q. H. No. 220—550—25-10-46.

The South India Co-operative Insurance Society, Ltd.

Head Office—Post Box No. 182, Madras.

President: SRI V. VIYYANNA, B.A., B.L.

RECORD BUSINESS DURING 1944

PROVIDES—

Maximum benefit to policyholders.

OFFERS—

1. Up-to-date schemes.
2. Liberal policy conditions.
3. Prompt settlement of claims.
4. Sound investment.
5. Low expense ratio.

AN AGENCY WITH US IS A LUCRATIVE JOB.

Further particulars can be had on application to:

R. P. VAIDYANATHAN, B.A., V. VENKATACHALAM, M.A.,
Inspector, Vellore. Secretary.

THE Co-operative Fire & General Insurance Society, MADRAS.

(FIRST OF ITS KIND)

TELEGRAMS: COOPFIRE.

PHONE No. 4

TRANSACTS

Fire Insurance of all descriptions and Fidelity Guarantee Insurance

President:

RAO BAHADUR T. M. CHINNAYYA PILLAI, M.A., B.L.

4 per cent. Dividend declared in the third year

ABLE MANAGEMENT

Insure your property and commodities and Banish worry.

Employees can take Fidelity Bonds at moderate rates of premium.

For particulars apply to—

P. SHANMUGAM, B.A.,

Secretary, Post Box No. 1249, G. T. Madras.
