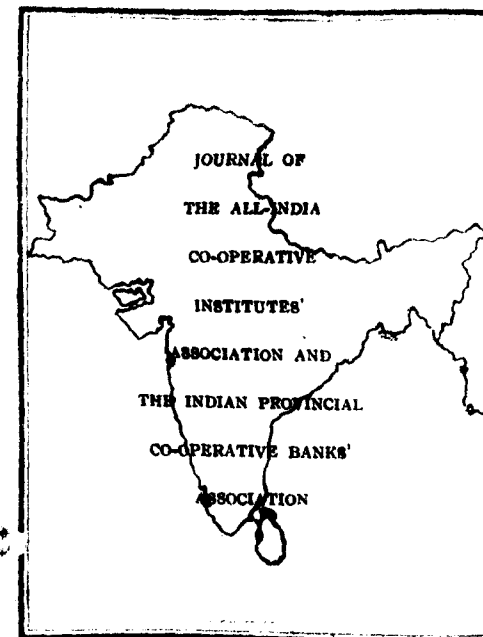


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The

INDIAN CO-OPERATIVE REVIEW



Published Quarterly

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THE INDIAN CO-OPERATIVE REVIEW

VOL. XII

JULY—DECEMBER, 1946

Nos. 3 & 4

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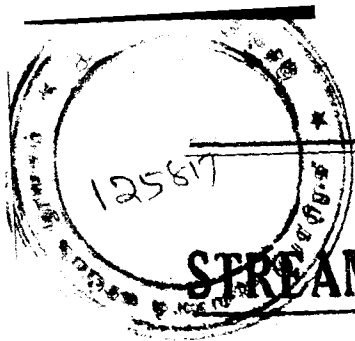
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THE INDIAN CO-OPERATIVE REVIEW

VOL. XII

JULY—DECEMBER, 1946

Nos. 3 & 4

EDITORIAL NOTES

THE LATE PROF. B. MUKHERJEE

It is with deep regret we record the unexpected demise on October 17, 1946, of Rai Bahadur B. Mukherjee, Professor and Head of the Department of Economics, Lucknow University, Honorary Editor of the *United Provinces Co-operative Journal* and a member of the Editorial Board of the *Indian Co-operative Review*. Prof. Mukherjee was the Editor of the U. P. Co-operative Journal since it was started in 1925, till the time of his death. He was an ardent co-operator and was associated with the Movement closely for over a quarter of a century. He was well known for his outspokenness and humour in his speeches. He was a prominent figure at the All-India Co-operative Conferences as a delegate from the United Provinces. In him, India has lost an economist and the Co-operative Movement, an ardent co-operator.

EMPLOYEES IN CO-OPERATIVE INSTITUTIONS

We reproduce elsewhere extracts from the Presidential address and some of the important resolutions passed at the fourth session of the Madras Provincial Non-Official Co-operative Conference. Among the resolutions passed those relating to the demand for betterment of service conditions deserve special note. It is an incontrovertible fact that in most of the Provinces and States the employees in co-operative institutions are ill-paid and have no definite rules governing their conditions of employment. The problem as such is certainly not new. Several resolutions have been passed in the past by non-official co-operative employees at successive Conferences and numerous representations have been made both to the official and non-official authorities demanding betterment of the conditions of service in co-operative institutions. Even the joint session of the Standing Committees of the All-India Co-operative Institutes' Association and the Indian Provincial Co-operative Banks' Association passed a resolution as early as in 1941 and again in 1948, urging on the Provincial Co-operative Institutions "the necessity of placing non-official services in co-operative institutions on a

more satisfactory footing than at present by ensuring for employees security of tenure and reasonable conditions of service in regard to pay, promotion and prospects" and suggested measures to be adopted "with the assistance, where necessary, of Provincial and State Governments concerned" for implementing the resolution. But we note with regret that in many Provinces little action appears to have been taken in pursuance of even this resolution. As a result, the already existing discontent among employees in co-operative institutions, owing to inadequate pay, insecurity of tenure and many other hardships to which they are subjected in the absence of any definite rules to regulate their service, has been markedly aggravated by the present-day high cost of living on account of the daily soaring prices of necessities of life everywhere. The problem demands immediate attention of the authorities concerned. Especially when co-operative institutions are expected, nay called upon, to play a very vital role in the post-war reconstruction plans designed to better the socio-economic structure of the nation, it is of paramount importance that the personnel entrusted with the working of such co-operative institutions should be well equipped and should be offered attractive terms of employment and security of tenure.

We feel that the Provincial Co-operative Unions should take the lead in the matter and scrutinise the present-day service conditions of non-official co-operative employees and standardise them without any further delay. Most important aspects of the problem are: fixation of an adequate wage for every post in different types of institutions, framing of definite rules with regard to promotion, leave, provident fund and disciplinary action, security of service, stopping the drafting of departmental employees to responsible posts in co-operative institutions, superseding the claims of persons who have been working in the institutions, immediate relief in the shape of bonus and dearness allowance to the employees where they are not paid on an adequate scale. The recommendations of the Pay Commission are expected to be published shortly. We hope that co-operative non-official as well as official attention will be focussed on the recommendations of this Commission.

CO-OPERATIVE INSURANCE

Co-operative insurance in India has not developed to the extent one would expect even after a period of 40 years of co-operative enterprise in different directions. It is still in the infant stage and the problem deserves the

serious attention and constructive action of co-operators—officials and non-officials. Insurance has various branches like life, fire, marine, fidelity, accident, motor, crop, livestock, hailstorm, etc. In western countries co-operative enterprise in the field of insurance has certainly made far greater headway than in this country. Almost all kinds of insurance business are transacted by co-operative insurance concerns. Here, in India, co-operative enterprise in the field of insurance worthy of mention has developed only the life branch; and even there it has still to make a great headway to reach the same level of joint stock enterprise. A brief survey on the working of the various co-operative life insurance societies appearing elsewhere in this issue may be perused with interest.

The All-India Co-operative Planning Committee has considered the problem of co-operative insurance enterprise and has made certain recommendations. With regard to the recommendations, made by the Committee in respect of life branch, we are of opinion that the starting of a co-operative life insurance society for each province is not conducive to the successful working of the institutions concerned for two very important reasons. Firstly, the area of operations should be as wide as possible to avoid concentration of risks in a limited area. The risks should be spread in as wide a field as possible for the favourable working of the Law of Averages. Secondly, if a number of co-operative insurance societies are allowed to compete with each other in the same field, there will be very little scope for large scale development of the institutions concerned. It is, therefore, desirable to strengthen the existing institutions by demarcating the area of operations to avoid competition among themselves and by helping them through all possible ways so that they can stand comparison with the leading joint stock concerns and also to satisfy the stringent provisions of the Insurance Act in general. The co-operative life insurance societies can be allowed to issue policies upto Rs. 10,000 on any one single life, without in any way, affecting their co-operative character.

The recommendations of the Planning Committee reproduced below are really very helpful for the development of co-operative life insurance business in this country.

"Co-operative life insurance societies should frame schemes for meeting the special requirements of different classes of people, such as depositors and members of co-operative banks, factory workers, members of land mortgage banks and housing societies and members of primary societies,

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"Various co-operative organisations, such as co-operative banks, factory workers' societies, consumers' societies and rural societies should actively take part with co-operative insurance societies in promoting insurance business among their members, e. g., by persuading their members to insure with co-operative insurance societies and collecting and remitting premiums on behalf of their members. They may where possible be appointed as agents of insurance societies and may in return be paid a small commission.

"In order to enable the co-operative insurance societies successfully to undertake insurance business among lower and middle classes and thereby encourage among them the habits of thrift, Government should pay them interest at one per cent above Reserve Bank rate in respect of the statutory deposits and that proportion of their liabilities which have to be invested in approved securities. The interest earned by these societies on all their investments should be exempted from payment of income-tax."

The other branch of insurance where co-operative enterprise has just made a beginning is the Fire Branch. The activities of the recently started Co-operative Fire Insurance Society in the Province of Madras are outlined in an article appearing in this issue.

As recommended by the Co-operative Planning Committee and resolved by the Sixth All-India Co-operative Conference, the establishment of an All-India Co-operative Fire and General Insurance Society is a very desirable step and should be taken up without further loss of time.

In spite of several resolutions passed at the All-India and Provincial Co-operative Conferences regarding the collection of necessary statistics for consideration of starting the co-operative insurance societies to transact crop and cattle insurance which are really necessary and of great value to the bulk of the agriculturists in a country like India, nothing has been done so far. The Co-operative Planning Committee has bestowed much attention on this subject and has come to the conclusion that such insurance societies can only be thought of under State direction. Now that popular Governments are functioning in all provinces, such beneficial schemes of insurance can be well taken on hand and in course of time entrust the management to co-operative concerns which may be formed for that purpose.

REPORT ON RURAL INDEBTEDNESS IN MADRAS

At the instance of the Reserve Bank of India, the Government of Madras undertook an enquiry into the rural debt position in the Presidency and appointed two years ago Rao Bahadur Dr. B. V. Narayanaswami Naidu, Principal, Pachaiyappa's College, as the Economist to enquire into (i) the extent to which the recent rise in prices led to the reduction of rural debt, and (ii) the extent of the remaining rural debt in the province. Dr. Naidu took up the enquiry in right earnest in the midst of other onerous duties, and in less than 12 months after the enquiry began, submitted his report to the Government of Madras, who have since published the report. A summary of the conclusions and recommendations may be found on pages 249-253 of this issue.

The method of investigation adopted to find out the extent of debt in 1939 and 1945 among different classes of rural families—big, medium and small landholders (classified according to the size of holdings), landless tenants and labourers—is noteworthy. A number of well-educated and trained investigators were sent out to 160 villages (chosen by the random sampling method) spread all over the Presidency and they investigated according to a questionnaire the general economic, and in particular the debt, position of 8,500 families from the five strata stated above—again chosen by the random sampling method from among all the families in each village. From these figures was deduced the total volume of rural debt of the different classes of agriculturists.

The findings of the enquiry are of great interest to students of rural economics and co-operation, though they seem to have been ignored by the public press, while Dr. Naidu's recommendations have received full publicity. Big landholders alone seem to have cleared as much as 40 per cent of their pre-war debts, mostly by the sale of surplus produce. The medium landholders had cleared off by 1945 only 30 per cent of the debts they had in 1939, while the small landholders could repay only 12 per cent of their old debts. Both these classes have had to sell good slices of their lands to clear off their prior debts. They were indeed very wise to sell them off at a time of inflation. The tenants as a class were not only unable to pay off their old debts, but they went in for more debts, 4 per cent more than in 1939. The labourers, in spite of apparent rises in wages, are found to be decidedly worse off with an increased debt of 43 per cent. On the whole, however, the burden of debt should sit comparatively lightly on the borrowers, as the value of the money has gone down considerably, especially since 1944 due to inflation of currency.

Dr. Naidu has rendered a public service in exposing the truth, after an elaborate investigation, that the recent rise in prices has not revolutionised the rural debt position in the province and that the optimistic estimates of the reduction of debts had little foundation in fact.

The recommendations of Dr. Naidu, however, cannot be agreeable to co-operators. In his anxiety to end exploitative private money-lending, he wants the State to compel money-lenders to join co-operative credit societies as a special class of members, but permit them to negotiate with borrowers and lend them money individually, if the society is convinced that the terms offered are the most favourable after giving them due publicity. This is indeed a novel method of compulsory co-operation with which we are afraid few co-operators would agree. We would vote for the abolition of small (say, Rs. 1,000 and less) individual money-lending straightaway and the development of institutional money-lending by stages, if not all at once. The limit may be pushed up gradually. The money-lender cannot be coerced into joining the society or even depositing funds. He is bound to do this as avenues for individual lending are closed up. All will agree with the recommendation that facilities should be given to make agricultural paper negotiable. But this would necessitate the creation or improvisation of a number of godowns in the wholesale and also primary markets.

More drastic are the recommendations made as regards long-term credit. Dr. Naidu wants a thorough overhauling of the existing machinery. He has no patience with the co-operative land mortgage banks of Madras, which are the best of their type in the whole of India, and honoured by visitors from all over the country. He complains that they do not have adequate funds, to lend to all the needy they cannot get more without Government guarantee and that there is inordinate delay in the grant of loans to deserving applicants. He recommends therefore that they should be handed over to the Co-operative Department who would run them more efficiently with the help of Official Valuers as in Malaya by getting all information needed more expeditiously from concerned departments. As the President of the Madras Central Land Mortgage Bank stated at the last Conference of Land Mortgage Banks, even our banks could run them as well if such help were rendered by Official Valuers. As for Government guarantee of debentures, the Minister for Co-operation himself admitted that the Government's guarantee is merely technical and the possibilities of their being called upon to make good the guarantee are remote. He promised that steps would be taken to organise more land mortgage banks in unrepresented areas. We are thankful for this assurance.

Dr. Naidu wants the Government to help clear the loans of all insolvent, and solvent debtors too, so that they may begin on a clean slate. He suggests a simple insolvency procedure for the insolvent debtors with which we can agree. But why force solvent debtors to sell off their lands to creditors at prevailing market prices, and throw many of them out of employment? The recommendation to terminate usufructuary mortgages, if 15 years have elapsed, without previous notice and without payment of any part of principal would be deemed confiscatory. We are afraid that frequent interference with the normal course of credit will have repercussions with which neither the Government nor the Movement can cope.

INDUSTRIAL CO-OPERATIVES

Our attempt to publish a collection of articles on Industrial Co-operatives covering the whole of India has not been completely successful. However, a study of the articles published in this issue on the working and progress of Industrial Co-operatives, we are sure, will be interesting and instructive.

Owing to the encouragement and financial assistance given by the State in recent years several new co-operatives have come into being in the field of cottage industries too. These and other co-operatives were pressed into service by the State to the fullest extent for the manufacture of the requirements of the army. Now the problem that faces these co-operatives is the switch over to the production of civilian requirements in the face of cut-throat competition—internal and external—and in the absence of the hitherto enjoyed State-aid and guidance. Lack of proper marketing facilities for the finished products and absence of adequate credit facilities at reasonable rates of interest not only hamper their growth but also threaten their very existence. It will be noted with pleasure, that in Travancore, licenced warehouses are being brought into existence. This is a boon to the industrial workers and the agriculturists alike as the receipts issued by the warehouses in respect of goods deposited with them are negotiable instruments on the pledge of which required credit can be obtained.

Of the types of industrial co-operatives working, those of handloom weavers outnumber any other type in any province or State. The main reason for this development of the handloom weaving industry on co-operative basis lies, in the Central Government doling out subsidies to the provinces for a number of years for the sole purpose of

revitalising and developing this great industry of India which is second only to agriculture. Had the same policy of promotion and protection been adopted in respect of other cottage industries, the products of which were well known for nicety and durability, the condition of other industries also would not have been so 'deplorable' as it is to-day. However, the present problem that confronts the skilled worker appears to be lack of finance and his inability to raise capital adequate to start with. No doubt certain Provincial and State Governments have been helping individual artisans in deserving cases with adequate finance to purchase the necessary tools, etc., to start his industry with, in addition to affording facilities for training in the craft. Individual effort cannot be so good as collective effort. If the intention is not only to help the individual artisan but also to preserve the industry, the Government concerned must come forward with a policy of encouraging only collective effort on co-operative lines and persuading individuals who seek their assistance to join together to obtain the help sought for. Whatever might be the policy of the Government, it is the duty of the non-official provincial co-operative organisations to educate the community on the superiority of co-operative principles to any others. It is a pity that many of these provincial co-operative unions (institutes) who have undertaken the responsibility of co-operative education and propaganda in their respective provinces, content themselves with conducting a journal and a few training classes. They should more actively think of carrying the message of Co-operation to the illiterate teeming millions of peasants and skilled workers who dwell in remote villages, and helping them to organise themselves co-operatively.

A study of the present position of the industrial co-operatives reveals that they were not organised on any well-planned economic policy. The Co-operative Planning Committee recommended "that regional organisations to foster the growth of small-scale and cottage industries and all subsidiary occupations should be set up in each Province and State" suggesting at the same time the establishment of a separate section under a separate Director and Registrar of Industrial Associations in each province to organise, develop and supervise the efficient functioning of the institutions. Now, that popular Governments are functioning both at the Centre and in the Provinces, and responsible Governments in some States we trust that the recommendation will be given effect to without delay if industrial co-operation is to develop according to an all-India economic policy well laid out.

PRODUCERS'-CUM-CONSUMERS' CO-OPERATIVES

The Government of Madras have been conducting, in the words of the Hon'ble Mr. V. V. Giri, the Minister for Co-operation, "an experiment in co-operative ideology and practice" by organising a new type of co-operative society bringing together as members producers and consumers and reconciling their apparently conflicting interests. These Producers'-cum-Consumers' Societies, as they are called, have been organised in large numbers in Malabar and later on in some districts of the Northern Circars, primarily in connection with the procurement and distribution of food grains. Government believe that "these societies will give a new orientation to the Co-operative Movement and bring into its fold a large section of the community which has all along remained outside it". The Minister declared further that it was the intention of the Government that "these societies should ultimately function as multi-purpose societies".

According to the by-laws, the membership is thrown open "to any person over 18 years of age and competent to contract,—the special feature being that no individual can be refused admission—who is a 'producer' or a 'consumer'" and to any 'institution' with the prior approval of the Registrar. The value of a share is fixed at Rs. 25, the maximum number of shares allowed to be held by a single individual being 100. It is expected that each society will be able to raise a share capital of a minimum of Rs 4 lakhs. The Board of Directors shall consist of seven members elected by the representative general body to which 100 members shall be elected if the shareholder members of the society are 500 or above upto 10,000, each member of the representative general body being elected by 5, 10, 20 and so on when the number of shareholders is 500, 1,000, 2,000 and so on. If the shareholders are more than 10,000, each 100 shareholders shall elect one representative and if the shareholders are less than 500, the representative general body shall consist of all the members. The mode of election to the representative general body shall be prescribed by the Registrar. The general body will meet once a year and the representative general body once in a quarter. The area of operations of each society, we understand, will cover a radius of 5 miles and all the villages coming within this radius will be served by the society. The by-laws empower the Board of Directors "to receive deposits from any person" and "to borrow funds either from the Co-operative Central Bank" in the district "or from institutions registered under the Indian Companies Act up to 15 times the paid up share capital, provided that the society

has already collected in cash the minimum share capital of four lakhs of rupees, though, in exceptional cases, the Registrar may, for reasons to be recorded in writing, permit the society which has failed to reach the minimum share capital limit of Rs. 4 lakhs to borrow. In no case can the society borrow more than the amount equivalent to its paid up share capital without the permission of the Registrar. The previous sanction of the Registrar shall also be necessary for borrowing money from institutions registered under the Indian Companies Act." We do not see why these societies should be allowed to borrow from commercial banks, when co-operative central banks are bursting with funds with no adequate outlets.

The vested interests, the merchants of all grades, have been raising a hue and cry against the new societies, which can only be expected as they find their occupation going, at least temporarily. Having for over four years earned undreamt of abnormal profits at the expense of consumers and producers, they would not like to give up their business without a fight. As the Hon'ble Mr. Prakasam, the Premier told the legislators, who voiced the grievances of merchants and wanted the restoration of "the normal channels of trade", as though divinely so ordained, it is time that the Government put a stop to the exploitation of the public, that has been going on in an acute form. The merchants have completely betrayed their trust, if ever they viewed it as such, and therefore do not deserve any consideration at the hands of the Government. It would be worthwhile indeed to institute an enquiry into their ill-gotten fortunes made at the expense of the poor producers and consumers.

The opposition, however, is not confined to the vested interests. A large number of existing co-operative stores and wholesales, composed more of consumers than of producers, who are not so hard hit as the former, feel greatly aggrieved at the action of the Government, taken without consultation with them. The wholesale stores of a few districts—notably that of South Kanara—have been entrusted with the task of procurement and distribution through primary stores and other ration shops which they have done exceedingly well, even as the Government admitted. Why should the existing stores be deprived of their business, which they have done with a service and not profit motive with sympathy for poor producers and little or no desire to exploit them? Were the producers themselves anxious to form any such organisation with or without consumers? Are the Government sure that producers as a class are prompted by the best of motives in their transactions? Are there not

blackmarketeers among them in any manner showing little compassion to their own kith and kin and poor neighbours in the village?

Unlike in other co-operative societies, wherein persons of common economic interests join together, persons of conflicting interests—producers and consumers—are brought together in these societies. No doubt it is theoretically possible to reconcile the diverse interests of the producers and consumers and to blend their activities harmoniously. But as per the by-laws there is the danger of the society being dominated by only one group—either of producers or of consumers—to the disadvantage of the other group. That at meetings of these societies, resolutions are passed complaining of low prices of produce, as though any consumer would at present prices, pass a self-denying resolution is evidence of this. Unless adequate and fair representation is provided for the producers and also the consumers, both on the representative general body and the Board of Directors, we doubt whether in these societies consumers have any voice, even if some have joined them by persuasion or pressure.

By-laws provide for the society to contribute "immediately after registration," "a sum of Rs. 1,000 towards the establishment of the proposed 'College of Co-operation and Culture' which will undertake the following amongst other tasks: (a) Train the Secretaries and executive staff of the societies, (b) train instructors and workers in Khadi, (c) train instructors and workers in basic education, (d) train officials of the Co-operative and other Departments, if so required by the Government, and (d) undertake such other tasks as the college authorities may decide from time to time."

It is pleasing to note that in Madras a College of Co-operation is to be started and that these societies are contributing towards its establishment. It is not clear under whose direction and control the college is to be conducted. Co-operators cannot reconcile themselves to the idea of the Government taking up the responsibility of directing the activities of the college as co-operative training and education, as well as propaganda, is the legitimate duty of non-official Provincial Apex Co-operative Organisations known as Unions or Institutes.

The idea underlying the organisation of these societies is certainly commendable. As the Prime Minister has stated, the object is to introduce a co-operative way of life, and to do away with the exploitation of the

masses by the unscrupulous middlemen and merchants. In the view of the Co-operative Planning Committee "the main causes of the limited progress of the Co-operative Movement in India are the laissez-faire policy of the State, the illiteracy of the people and the failure of the Movement to tackle the life of the individual as a whole, the other causes being the small size of the primary unit and undue reliance on honorary services with resultant inefficiency in management," and the Producers'-cum-Consumers' Co-operatives are so designed to get over the handicaps mentioned above. However, regarding the future of these societies we cannot pass any hasty judgment unless we await and watch their progress and working. We are only sorry that the work of registration of these societies has been taken away from the Registrar of Co-operative Societies and entrusted to a Special Officer of the Revenue Department who is alleged to ride roughshod over co-operative principles and go on organising societies and collecting share capital exerting undue pressure and that there has been a political colouring given to the organisation by interested parties. We earnestly hope that no other considerations, except purely business considerations, on true co-operative lines will prevail in the working of these societies if satisfactory results should be achieved and if they are to function to the benefit of both the producer and the consumer.

REPORT OF THE CO-OPERATIVE PLANNING COMMITTEE

In accordance with the resolution of the Sixth All-India Co-operative Conference held at Lucknow in April last, a special session of the All-India Co-operative Conference will be held sometime in April 1947 to discuss the Report and Recommendations of the All-India Co-operative Planning Committee appointed by the Government of India on the recommendation of the Fourteenth Registrars' Conference. It is understood that the Fifteenth Registrars' Conference will also be held sometime in April for the same purpose. We shall be glad to publish any illuminating comments on the Report of the Planning Committee in these pages. A brochure containing extracts of the Conclusions and Recommendations of the Committee and Dissenting Minutes of three members will be supplied by us on application by those wishing to offer their comments before the first of April 1947.

INDUSTRIAL CO-OPERATION IN INDIA¹

By

VAIKUNTH L. MEHTA.

Of the present day questions that absorb public interest everywhere, one of the most prominent is the structure of our industrial organization of the future. No scheme of national planning can be deemed complete if it ignores this all-important aspect of our national life; and for this reason the National Planning Committee constituted by the Indian National Congress devoted much attention to the divergent claims of large scale and small scale industries, of centralized and decentralized production, of State and co-operative enterprises, of industrial and agricultural development. There cannot be a set plan to suit all times and circumstances; and hence when trying to build for the future, we should keep in mind the peculiar features of Indian economic life as it exists to-day. Very similar was the position which confronted Sir Horace Plunkett and his co-workers in Ireland at the close of the last century. Writing in "Ireland in the New Century," Sir Horace Plunkett observed: "Perhaps more urgent than the creation or extension of manufactures on a larger scale is the development of industries subsidiary to agriculture in the country. This is generally admitted and most people have a fair knowledge of the wide and varied range of peasant industries in all European countries where a prosperous peasantry exists..... The men and boys require employment in the winter months or they will not stay, and the rural industries promoted should, as far as possible, be those which allow of intermittent attention. The female members of the family must have profitable and congenial employment..... The handicrafts to be promoted must be those which will give scope to the native genius and aesthetic sense."

That is also the standpoint adopted by Prof. R. H. Tawney in his Memorandum to the Conference of the Institute of Pacific Relations held at Shanghai in November 1931 which forms part of his "Land and Labour China". This is what Prof. Tawney observes: "In view of the long period of enforced idleness to which the farmer is exposed—he is said, in parts of China, not to be employed in agriculture for more than a hundred days in the year—bye-employments which supplement his income ought obviously to be encouraged. In the majority of European countries, and particularly in those with large peasant populations, rural industries carried on in the cottages of the workers still play a more important part than is commonly realized. In China, the impression of a superficial observer is that hardly a district is without one or more of these. The dexterity, ingenuity, resourcefulness and, above all, sense of beauty of her common people are a social and economic asset of inestimable value. The course

¹This article forms only a portion of the article by Sri Vaikunth L. Mehta received originally for publication in the *Year-Book of Indian Co-operation, 1944*—Editor.

of wisdom, it may be suggested, is to build upon them. It is to retain where possible, as Prof. Tayler urges, 'the small productive units which are the traditional form of industrial organization in China, but to secure for them the advantages of large scale methods in finance and commerce', by taking steps to promote the formation of co-operative societies." What Prof. Tawney writes of China is true of India, much though conditions have changed in recent years. The traditional organization of handicraft industry in India is breaking up, but before this process goes further we, in India, have to make up our minds whether the decline of handicrafts is to be accepted, as in England, or whether, as in Germany and elsewhere, an attempt is to be made to preserve certain among them by improving their productive technique and business organization. China, under the stress of war, has chosen the latter path. It will be wrong, however, to believe that China has turned to co-operation for the building and rebuilding of her industries merely as a war-time measure. The system of industrial co-operation has been accepted as a new basis for China's economic structure.

While meeting the needs of war-time economy, the Chinese Industrial Co-operatives constitute a movement for securing a healthy balance between agriculture and industries. In a country where capital is scarce and labour plentiful, they represent a method of economizing in the use of the former, providing, at the same time, the fullest scope for the latter. In place of concentration of wealth and industry in a few favoured areas, the new movement stands for dispersal of labour, decentralization of production and diffusion of earnings. By this means it is sought to lift the level of living for the people, to utilize the great untouched natural resources of the country and to relieve the combined horrors of homelessness and lack of work. Thus China rebuilds not only for a time and to meet the aggression of the foreigners, but it builds for all time and against all forms of exploitation—indigenous or foreign.

The attention which the growth of the Chinese Industrial Co-operatives has attracted in recent months has naturally led to much searching of heart among co-operators in India. The conscientious among these wish to know what exactly is the position of industrial co-operative societies in India and whether there is any prospect of further development in this field of effort in the near future. The term "industrial co-operation" has been interpreted as relating to co-operative societies of the resource or producers' type, credit or non-credit, rural or urban, primary or central, which are concerned with the economic betterment of workers in cottage or other small scale industries, including supplementary or subsidiary occupations. There is very little of any industrial production undertaken in India by or on behalf of consumers or their co-operative organizations.

Among the workers in cottage industries who have organised themselves on co-operative lines for the advancement of their industry the most

prominent group, it will be seen, is constituted of handloom weavers. They represent an industry which has managed to survive despite the competition it has had to face, first, from the organized textile industry of England and, later, from Japan and from the mills in India. One reason for the survival of the industry is the persistence of the demand from larger sections of the population in rural areas, particularly women, for types of cloth which were, till recently, not turned out by cotton weaving mills. But, in addition, the lower overhead costs of handloom weavers and their proximity to their rural markets also give them some advantage over their better organized and more powerful rivals. Developments upto the outbreak of the war showed that even these advantages the handloom industry was in danger of losing owing to the operation of various factors which it will be beyond the scope of this article to examine. One of the ways in which this danger can be averted, it is generally agreed, is to organize the artisans co-operatively to promote improvements in production, to get access to raw materials on fair terms, to secure the advantage of cheap credit and to arrange for the orderly marketing of their finished products. It will be seen that it is only in a few parts of the country that the movement for the organization of the handloom weaving industry on co-operative lines has been taken in hand earnestly. The creation of district industrial co-operative associations in Bombay and the establishment of the Provincial Handloom Weavers' Society in Madras are moves in the right direction, though both types of agencies reach, at present, only a small section of the large numbers of weavers found in both the provinces.

These forms of organizations stand in need both of public support and State aid. Contact with the public comes in the field of marketing. Persons imbued with the true spirit of Swadeshi should patronize these products in preference to the manufactures of Indian or foreign mills. State aid may be needed partly in the shape of guarantee funds and subsidies in the initial stages, partly in the provision of facilities for marketing through the opening of museums and depots, and partly in the shape of arrangements for securing yarn on fair terms from the highly protected cotton textile industry. In this connection, the danger of relying on rivals for the supply of the basic raw materials of an industry need hardly be pointed out. The starting of co-operative spinning mills conducted on behalf of weavers has often been put forward as a solution of the difficulty. To run spinning mills in competition with the well-established mills of capitalist large-scale organizations may, however, involve the weavers and their sympathisers in heavy losses. Hence, as Mahatma Gandhi has often emphasised, the salvation of the handloom industry lies in the extension and improvement of the hand-spinning industry and the linking up of the two, as in the past. Leaving this aspect of the problem, it may be observed, that, if in the interest of the community in general, there is general agreement that the handloom weaving industry deserves to survive, the State may have to afford protection to the industry by regulating spheres of production or otherwise. It may also accord preference to

the products of the organized small scale producers in the industry such as has been extended during the war in Bombay, the Punjab, the United Provinces and elsewhere by placing with co-operative institutions large orders for Army and other supplies.

Apart from the weaving of cotton cloth on handlooms, the other industries that have received some attention at the hands of the Co-operative Departments in various provinces and States are few in number. Moreover, the efforts that have been made have not been on any well-planned systematic lines even to the extent that they have been, though on a restricted scale, in relation to handloom weaving. Among the other industries that have claimed attention may be mentioned sheep-breeding and blanket making, cocoon rearing and silk manufacture, tanning and the manufacture of leather goods, some varieties of metal work, bee-keeping, coir manufacture, ivory and sandal-wood work, lacquerware production, gur-making from date-palm trees, conch-shell work. Here and there we find co-operative societies organized occasionally through local effort, sometimes under the inspiration of the local Departments of Co-operation and Industries. Scarcely anywhere has there been any organized attempt, however, to resuscitate industries according to some regular scheme of development.

One of the reasons for the decay of the old established industries in India has been their inability to adjust their methods and machinery to the changing requirements of the times. It is this lack of adaptation that has brought several industries to grief—a defect which could have been cured in the early days had the Government of the times not been inspired, mainly from motives of self-interest, by rigid notions of *laissez faire*. To enable those engaged in various cottage industries to bring about improvements in technique and to assist them financially in the replacement of tools and implements represent a very desirable form of State aid which, again can be given more suitably through co-operative organizations than to individual workers. This will be distinct from arrangements that may be necessary for the provision of facilities for training in crafts and industries, the opening of cottage industries' workshops on a modest scale and the running of demonstration plants where necessary.

In designing the structure of the industrial co-operative societies it may be necessary to introduce a larger element of outside control and impose stricter discipline in the interest of cohesion and efficiency than are usually permitted in co-operative organizations. This was one of the recommendations of the Bombay Economic and Industrial Survey Committee (1939) which described Co-operation as the ideal method of organizing small scale units such as are represented by artisans. The Committee, apparently, contemplated the opening of small-sized factories worked by Government or under the control of Government but possessing from the start the elements of a co-operative organization so that as

experience was gained, cohesion was established, the owned resources were strengthened and a sense of responsibility kindled, the institutions could work as full-fledged co-operative societies. Here, again, if the Committee's emphasis on cohesion and discipline is to afford any guidance, it becomes evident that the future form of organization should be rather of the collectivist than of the individualist type. The structure of the producers' society as distinguished from the resource society seems to be better suited to this form of co-operative effort. What the producers' form of organization is, is well described in the leaflet on the subject drawn up, over twenty years ago, by Mr. Otto Rothfield when he was Registrar of Co-operative Societies in Bombay. The workers in one trade or craft in different areas combine and by pledging their services or their credit in common obtain the premises or machinery required for their industry. They work in common and share profits in common. They control operations through their own elected representatives. Goods are produced on behalf of the society and are its collective property. In return for work done, the workers obtain from week to week their normal pay and at the end of the year they are eligible for sharing in the gains of the business in proportion to the volume of work turned out by them and the amount of wages earned by them. The society replaces, in its corporate capacity, the entrepreneur or *karkhanadar* who, under the present system commonly in vogue, individually controls the operations and appropriates the profits.

This form of organization is, in essence, more truly democratic than any other type of economic organization conceived of so far. It is common experience that group activities and characteristic group feelings become increasingly difficult when more than twenty or less than five individuals are concerned. In a producers' co-operative society there are always more than five members forming the group and ordinarily its membership would be not much in excess of the figure of 20. If these artisans are thus organized in distinct groups for purposes of production, they can find scope, as Mr. Aldus Huxley observes in his "Ends and Means", for their kind of political abilities in self-governing groups within the industrial co-operative society, and this method enables us to build up democratic self-governing institutions. As he proceeds to assert, such a system provides the most propitious environment for equality. Power is decentralized, the means of production are owned co-operatively, but instead of production being conducted by the distant and intangible entity called the State, economic activity is entrusted to and is controlled by a multiplicity of small, inter-related self-governing groups of men and women. That is why China has adopted deliberately this form of organisation for its future industrial system and why India, where conditions are very similar, must also do likewise.

Of the bodies that have interested themselves in the revival and reorganisation of village and other cottage industries on a nation-wide scale the most prominent are the All-India Village Industries' Association and the

All-India Spinners' Association founded by Mahatma Gandhi and working under his inspiring guidance. In the initial programme of the latter institution, stress is laid on the revival and development of such industries as are related to the daily life of the people, as can provide employment to large numbers of the population and as can be easily taken in hand by the rural population. Of such industries, the most prominent is hand-spinning which, according to the Bombay Economic and Industrial Survey Committee is "almost the ideally suited subsidiary occupation for the Indian agriculturist." As the Committee points out, this industry "involves very little capital, it is not difficult to learn, it can be taken on and left off at the cultivator's convenience and it fits in with the century-old traditions of the countryside." Unfortunately, owing, mainly, to political prejudices, practically no attempt has been made by Government in Indian Provinces to promote the development of this industry on well-ordered lines, though recommendations in this behalf were made by the Indian Central Banking Inquiry Committee, by the Madras Committee on Co-operation and by the Bombay Committee referred to above.* Through the Chinese Industrial Co-operatives much has been done in recent years in that country to extend and improve the hand-spinning industry. Among other industries to which the programme of the A. I. V. I. A. extends may be mentioned the production of hand-pounded rice, oil-pressing with the aid of bullock-driven oil mills, tanning and manufacturing of leather goods by hand process in villages, bee-keeping, the manufacture of hand-made paper, soap manufacture, gur making from the sweet juice of palm-trees. Most of these are industries which will stand to gain by being organized on co-operative lines. In Madras, there are a few co-operative societies for the preparation of hand-pounded rice and for the production of gur from date-palm juice. Elsewhere there are stray societies here and there for bee-keeping, tanning, leather work and oil-pressing; but these societies do not fit into some well devised scheme of industrial development. Nor is there any co-ordination of their activities or cohesion among the cottage workers engaged in one craft or industry. This is due to the absence of a definite policy of development on the part of the State and the absence of intimate contact between departments of Government and agencies that have interested themselves in the revival and promotion of these industries. These conditions, however, can change for the better only with an improvement in the general economic and political outlook before the country.

In recent months, the Central Government have expressed, time and again, their keen desire to stimulate the production of manufactured goods

*Since popular Governments are now functioning in several provinces there appears to be a very bright future for the development of hand-spinning and handloom weaving on a larger scale. The Madras Government have led the way already in this direction by enforcing intensive Khadi production in certain firkas in the province selected for the introduction of their rural development scheme. And the other provinces, we are certain, will follow the lead.—Editor.

through small scale and cottage industries. One does not know whether this desire is born of the anxiety to secure a growing supply of goods from all available sources or whether it indicates their intention to favour the production of certain types of consumers' goods through small scale establishments. In case the desire represents a change in outlook, it should be recognized and implemented as a definite policy. Once the policy is accepted, it should be the business of the Co-operative and Industries Departments of Governments in collaboration with other departments—where such collaboration is needed—to formulate not only short-term plans for securing goods quickly and cheaply, but also a long range programme. That programme should indicate the goods that are suitable for manufacture in cottage and other small-sized establishments through self-governing workshops. If reliance has to be placed on experience elsewhere, the form of organization for such industrial reorganization cannot but be on the basis of Co-operation. Co-operation will enable the principle of decentralization to be carried into practice to the maximum extent that is compatible with the organization of production on an efficient basis. The question is whether, as in war-time China, Government will agree to this reorientation of their policy towards industrial development. If they do, we may yet see a rebuilding of our industrial structure on sound democratic lines, a rebuilding that may revolutionize the future of industry in India.

"India produces nearly all the raw materials necessary for the requirements of a modern community; but is unable to manufacture many of the articles and materials essential alike in times of peace and war."

—INDUSTRIAL COMMISSION.

"The necessity of making India more self-sufficient and less dependent on agriculture, makes it imperative that some steps should be taken to mobilise her resources for the promotion of new industrial undertakings and for the expansion of existing ones."

—INDIAN CENTRAL BANKING INQUIRY COMMITTEE.

INDUSTRIAL CO-OPERATION IN U. P.

By

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Out of evil cometh good. The World War II, whatever its disastrous effects on India, has left behind many constructive footprints which are apt to be followed. One such footprint relates to industrial co-operatives. Partly with a view to supply the war requirements of the Supply Department, the Indian Stores Department and the Defence Department and partly to take advantage of the war as China seemed to be doing through its Induscos, greater attention has been paid to the development and organisation of non-agricultural production in various parts of the country. U. P. is one of these. Now that the war is over it is desirable that stock be taken of the progress made and light thrown on the reforms and steps needed to retain and speeden the co-operative industrial progress.

It must be mentioned at this stage that an industrial co-operative may relate to any industry to which Co-operation is applied. The character of the industry may be "part-time" or "whole-time", seasonal or otherwise. It may be carried on the cottage basis, small scale basis or large scale basis. If the classification of the Bombay Economic and Industrial Survey Committee be followed (and it is not wrong), co-operative societies relating to such items as sericulture, poultry farming, bee-keeping, dairy-farming, fruit and vegetable preservation, flour-grinding, paddy-husking, ghee-making, and gur-making are also industrial co-operatives. One who goes through the recent writings of members of the U. P. Co-operative Department generally finds that spinning and weaving, oil-pressing, tanning, leather work, metal-work, glass work, paper-making, toy-making, hat making and dairy-farming alone are referred to under industrial co-operation. This is not the correct view.

TABLE I.*

	No. of societies.	Known No. of active societies.	No. of members	Value of Production.	Value of Sales.	Profit.	Profit distributed.
				Rs.	Rs.	Rs.	Rs.
Weavers' Societies ...	37	13 }	3,000 (?)	...	...	...	...
Woollen Societies ...	16			...	...	...	...
Fruit Preservation ...	1	...	...	...	20,101	5,694	...
Khova Societies ...	18	18	...	...	...	...	...
Gur Societies ...	11	3	...	...	...	384	...
Ghee Societies ...	607	607	...	...	...	...	...
Dairy Co-operatives ...	23	16	...	...	2,15,387	50,261	8,501
Poultry Societies† ...	22	...	...	...	...	...	...

* Where no figures appear, it may be taken that they could not be compiled; rather they are not available.

† 1940-41—There is no mention of these in 1939-40 report.

It must also be mentioned at this stage that in April 1936 late Sjt. B. Mukerjee had written a note in these pages on "Cottage Industries in the United Provinces" to which co-operative principles had been applied. One wishes that every year the annual report on the working of co-operative societies in U. P. had reviewed the position in a similar manner and with the same clarity. The method has still to be adopted. It is as a result of absence of detailed information that one finds important gaps in Table I which summarises the position in U. P. in 1939-40.¹ Till then the war had practically no effect on industrial co-operation in the province.

The effect began to be felt from the following year when, because of the keenness of the U. P. Government to help the Controller of Supplies, assistance began to be given in obtaining raw materials and manufactured goods. The Registrar wrote in his report for the year: "These supplies gave a desirable fillip to the expansion and development of many cottage industries in the province."² Actually, so far as cottage industries on co-operative basis were concerned, the achievement was mainly the supply of *tat-patti* worth about half a lakh of rupees.³

In 1943, the joint meeting of the standing committees of the All-India Co-operative Institutes' Association and the Indian Provincial Co-operative Banks' Association had resolved "that co-operative departments, with the help of the departments of industries, should take special interest in organising and introducing *suitable* cottage industries in rural and urban areas on a co-operative basis which will be mainly engaged in the manufacture of articles required for war purposes for the duration of war and *will function as industrial co-operative societies in normal times.*" (*Italics ours*). By that time the U. P. Induscos had already supplied goods worth many lakhs of rupees, including hemp goods (*tat-patti* and nets), cotton and woollen goods (niwar, gauze cloth, hospital bandage, water bottle carriers and blankets) and even hats, canvas buckets and canvas dams.⁴

By the time the war ended, the industrial co-operatives in U. P. had increased in number to 12 central textile stores, 107 textile societies and about two dozen other industrial societies.⁵ Their working capital had increased from about a lakh of rupees before the war to Rs. 16 lakhs and they produced goods worth more than Rs. 38 lakhs in 1944-45. Since 1941

¹Compiled from the *Annual Report of Co-operative Department, 1939-40*.

²*Annual Report of Co-operative Department, 1940-41*, p. 14.

³*U. P. Co-operative Journal*, Vol. XVIII No. 1, July 1942, pp. 23-24.

⁴*Ibid*, Vol. XVIII No. 2, October 1942, pp. 77-80.

⁵*Co-operatives in the United Provinces* (published by the Registrar), 1946, pp. 24-25. The number "two dozen" excludes the gur societies, the ghee societies, the dairy co-operatives and the poultry societies. By 1944-45 the ghee societies have increased during 1939-45 from 607 to 870—membership from 12,500 to 20,000. But the ghee handled by them decreased from 5,388 mds. to 4,899 mds. (at one time to 2,545 mds). The profit for the year 1942-43 was Rs. 33,000; for 1943-44 Rs. 2,927; and for 1944-45 only Rs. 5,000. Little can be said about the other three types of societies, to give an idea of the complete picture of each type.

they have had the U. P. Co-operative Industrial Federation whose main objects are to develop, improve and foster cottage industries on co-operative lines, to increase production and to improve patterns, designs and quality of products of cottage industries in general and handloom textiles in particular, to arrange for the sale of finished products and to arrange for necessary capital. In other words it is to be both a promotional agency and a multi-purpose federation.

Since 1944 the industrial co-operatives also have the much awaited and long overdue provincial co-operative bank. Yet it seems that as before we suffer from organisational and financial difficulties. Our 1943 resolution wanted the establishment of such suitable cottage industries on co-operative basis as will function as industrial co-operatives in normal times. What one finds to-day is that the progress made due to and during the war is likely to be lost. Whatever progress was made was to no small extent due to the additional staff sanctioned and the interest-free grant of Rs. 24 lakhs (raised slowly from Rs. 5 lakhs) given by the Provincial Government. As these concessions are withdrawn and as the war demand falls off, the future appears to be dark. So far as the societies for cotton ginning, durrie making, brassware, tannery, bangle, potteries, etc., are concerned, they are virtually as dull and drag on as in 1936.⁶ One recalls to memory many an experiment conducted successfully in the past. In 1933 a shoemaker society had reduced the cost per pair of shoes from Rs. 4-4-0 to Rs. 3-9-0 in Agra.⁷ In 1935 a tanners' society of Amroha had yielded high profits at the first attempt.⁸ A brassware society of Kheri had once even forced the *karkhanadars* out of business.⁹ Why are not these successful experiments multiplied? We have about a lakh of workers engaged in tanning itself. There are about 7½ lakh persons engaged in weaving and about 2 lakh looms consuming about seventy million pounds of cotton, silk and woollen yarn.¹⁰ Yet the weaving co-operatives hardly touch a few thousand weavers. There are hundreds engaged in brassware industry and shoemaking. We know that there is scope for considerable economy. Individual shoemakers' products find their way to well-known shops in Allahabad for sale at high prices, while the shoemakers get barely paid. The other day in the local swadeshi exhibition one punditji from Cawnpore was making profit out of what was a losing concern of toys which he had bought only a fortnight before, and his labourers could make eight rupees per day. We know that some items have unchallenged demand, sometimes even outside India, for example, artistic brassware, bingees, sarees,

⁶ *Indian Co-operative Review*, Vol. II No. 2, April 1936, pp. 210-212.

⁷ *U.P. Co-operative Journal*, Vol. IX No. 2, Puja Special 1933, pp. 100-101.

⁸ *Indian Co-operative Review*, Vol. II No. 2, April 1936, pp. 222-223.

⁹ *Ibid* p. 211.

¹⁰ *Report of the Fact Finding Committee on Handloom Industry*. For more details about textile co-operatives, see I.C.R. Vol. VII (1941) pp. 392-399 and U. P. C. J. Vol. XX No. 4, April 1945, pp. 22-26.

prints. One wonders why all this goes unexploited and undeveloped and why time is allowed to roll away.

The post-war schemes compiled in the Section 93 regime had included a scheme¹¹ for the establishment of demonstration production units for textiles with power looms, ornamental and utility woodwork and toys, Moradabad utensils, Aligarh locks, etc. The idea was to work these units as prototypes of co-operative producers' societies and to send out teams of workers, who would be carefully chosen, to start co-operative factories in their own localities with a plant of their own. As in the Government handloom factories in Madras, a deferred wage system was to be enforced in order to enable the workers to save some money to start their own plants. The idea of "demonstration and training" behind the scheme is to be appreciated. A similar scheme shall have to be worked even in the popular regime. Some of the other schemes¹² that may be mentioned were for grant of loans to small scale workers, establishment of inspection depots, small repair workshops, and expansion of the U. P. Handicrafts organisation to increase the marketing facilities. One also remembers in this connection the able survey made by Syt. L.C. Jain as Director of Industries in which he pointed out the scope for good many industries on small scale and cottage basis.¹³ He correctly stressed that economy and other factors of localisation must be taken account of in developing the industries.

But the present regime seems to think more in terms of spinning and weaving, dairy-farming, oil-pressing, tanning and utmost paper-making, particularly the first three. A lakh of rupees are provided in this year's budget to carry on the work and to organise cottage industries on co-operative basis and a scheme is supposed to be under preparation. This scheme is apparently different from the U. P. Co-operative Plan¹⁴ proposed by the Minister for Co-operation, which is already before the public for discussion, and will not possibly include dairy-farming, hand-spinning and weaving which are covered by the co-operative plan. A scheme under preparation and a plan under consideration means "do nothing meanwhile". It is hoped that such inactivity shall not be allowed to intensify.

At the same time, it must be observed that there can be broadly formed a correct idea about the industrial situation in U. P.; we still require a survey and enquiry made districtwise on the lines of the work done by the Bombay Economic and Industrial Survey Committee. In regard to the marketing of a few commodities, the Provincial Development

¹¹ *Post-war Reconstruction and Development Schemes* (U.P.). Second Draft Scheme No. 67, pp. 118-119.

¹² *Ibid*, Scheme Nos. 68-71.

¹³ *Post-war Development of Industries and Commerce Department* (U.P.) by L. C. Jain.

¹⁴ *Co-operative Plan for the United Provinces* by Dr. K. N. Katju.

type of industry known in western countries as a 'self-governing workshop' is, however, being organized in Madras for giving employment to demobilised personnel. The workshop will be the common property of the demobilised soldiers who will work in the workshop; besides getting the wages or salaries for the work performed, the workmen will share the entire profits arising from the industry. Such industrial co-operatives have been established for the employment of demobilised personnel for industries like metal-work, tile and brick manufacture, etc. Government have also sanctioned similar schemes for industries like tailoring, radio servicing, timber industry, etc. Industrial co-operatives of this kind are a new venture in this Province, perhaps in India. How far these industrial co-operatives will prove a success is a matter to be seen from actual experience. But, with active assistance from Government in the matter of finance, technical advice and supervision, there is every prospect of good progress and if it does succeed it will certainly bring in a new order of things in industry.

The Need for Industrial Development :

The need for industrialisation of the country with a view to increase the national income is very urgent. But in a basically agricultural country like India, industrial development calls for that kind of co-ordination which will maintain a fair equation between agriculture and industry and as between large scale and small scale industries; the latter have an equally, if not a higher priority, in any scheme of planned industrial development of India. No scheme for the economic reconstruction of an agricultural country like India can be complete without adequate provision for the introduction and development of cottage and rural industries. India chiefly dwells in villages and in the Madras Province 86.44 per cent of population are villagers. The peculiar feature of agricultural industry is that it provides employment for only a part of the year. If we take the average holding to be 4 to 5 acres of dry land or one acre of wet land, and the average number of members in a family as five, there will be full-time work for only two of the five members, throughout the year measured in terms of labour. That shows the extent of unemployment that exists in our country. But this is at present covered by the fact that people live in families and that all of them do some little work in the field. The difficulty is to find work for the extra time the ryots have on their lands, so as to increase not only their individual incomes, but also production in the country. Intensive cultivation of land and processing of agricultural produce will no doubt give them some more work but that will not go far enough. The development of rural industries so as to provide a source of supplemental income to the rural population is imperative. Again, there are artisans who do not work on the land but carry on some trade like weaving, manufacture of leather goods, hardware, pottery, etc. Several cottage industries have died out, as they could not compete with the goods imported or manufactured in Indian factories. The remedy suggested by capitalists, is to establish big factories

which will give work to all those unemployed. On the other hand, there are others who suggest that they should make the village self-sufficient and revive all cottage industries avoiding factories and machinery of a complicated nature. Anyway, there is an abundant scope in India for the development of all types of industries—large, medium, small and cottage. The experience of Japan and other countries in which handicrafts still flourish will dispose of the view which has been expressed in certain quarters that the growth of large scale industry in India must necessarily be at the expense of cottage and small scale workers and result in increased unemployment. But what is required is to develop both large scale and small scale industries so that each may serve as a complement to the other. The authors of the Bombay Plan for the economic development of India have referred to the aspect of the question in the following terms :

"It is an essential part of the plan for the organisation of industries that adequate scope should be provided for small scale and cottage industries. This is important not merely as a means of affording employment but also of reducing the need for capital, particularly of external capital in the early stages of the plan. It is difficult to define the considerations on which the choice between large and small scale industries and cottage industries should be determined. The factors involved in the choice are numerous and often conflicting. But, generally, it may be stated that while, in basic industries, there is little scope for small industrial units they have an important and useful place in consumption goods' industries where their function is, in many cases, complementary to that of large units."

The hydro-electric and electric thermal projects which have been completed or under construction or contemplation are bound to stimulate the establishment of new industries on a factory scale in the Province. These, in their turn, may render possible and facilitate the development of new cottage industries, the finished products of the former functioning as raw materials for the latter.

Suitability of the Co-operative Method for Cottage Industries :

In the case of cottage and small scale industries, experience has shown that co-operative method is best suited for their organisation and development; the several disabilities from which small scale producers suffer, such as want of adequate capital, lack of training in up-to-date and scientific methods of production, absence of facilities at securing materials at economic rates and the disposal of finished goods in marketing centres at favourable prices, etc., can all be tackled on co-operative basis with great advantage to the producers. For, Co-operation is an economic movement for the economic weaklings of society intended to give them strength by associated effort to do what each one individually cannot possibly achieve. The Royal Commission on Agriculture in India have stated that technical

education and co-operative organisation are the only means by which the smaller industries can hold their own in the intense competition of modern times. The Madras Committee on Co-operation (1940) was of the view that the best means of helping the cottage workers was through the means of co-operative societies. The XIV Conference of the Registrars of Co-operative Societies emphasised the importance of cottage industries and their development on a co-operative basis. The All-India Co-operative Planning Committee (1946) have emphasised the need for State assistance in the promotion of the industrial co-operatives. What is required is, therefore, not only a systematic survey of the possibilities of organisation and development of the small scale and cottage industries which have a survival value but also a sustained attempt to make the societies that have been formed and will be formed in the future, progress on sound lines.

Present Working of Societies :

The most important of the industrial co-operative societies in the Province are the weavers' societies. There are now 336 weavers' societies commanding about 52,000 looms; they produced and sold during the last year goods worth Rs. 350 lakhs and Rs. 375 lakhs, respectively. These societies are affiliated to the Madras Handloom Weavers' Provincial Co-operative Society whose functions are to arrange for the supply of yarn and other raw materials to the primaries, to sell their finished goods and to develop, assist and control their work. On 30th June 1946, the Provincial Weavers' Society had 1,258 members with a share capital of Rs. 1.50 lakhs. It has opened 36 sales emporiums in the Province. It has established 3 dye factories, 8 handloom factories and one screen printing factory at Madras. There is a great scope for development of weavers' co-operatives. Government have recently directed that weavers' co-operative societies should be supplied yarn to the extent of 20 per cent over the usual supply made to ration card holders outside the co-operative movement and also to make a permanent basic allotment of yarn requirements for about 52,000 looms at present working in co-operative societies. It is the intention of Government to bring the number of looms in the societies to about 80,000 in the near future. The future progress and stability of handloom weaving will entirely depend on their organisation on a co-operative basis. The individual weaver has no place and cannot withstand the modern competition of organised textile industry unless he is a part of a big organisation like the Madras Provincial Handloom Weavers' Co-operative Society and its affiliated societies. Will not the day be near when all the five lakhs of looms in the Province be ultimately brought within the frame-work of co-operative organisation? Plans are being drawn for achieving this object.

Industrial co-operative societies other than weavers' have not made much headway in the Province, mainly for the following reasons :—

- (i) indebtedness of workers ;
- (ii) want of proper men to work the societies ;

- (iii) illiteracy of workers ;
- (iv) want of loyalty to the societies ;
- (v) lack of facilities to obtain the necessary articles, good raw materials at economic prices ;
- (vi) lack of technical assistance ; and
- (vii) difficulty in finding a suitable market.

Moreover, they have not been started according to any plan. In recent years, however, particularly after the beginning of the war, strenuous efforts have been made for developing industrial co-operatives in the Province and some of these societies are doing good work. On 30th June 1946, there were 222 societies with a membership of 15,255 and a share capital of Rs. 1.59 lakhs. The value of goods produced by them was Rs. 10.10 lakhs. The societies have been organised for various industries such as metal work, manufacture of leather goods, coir, mat weaving, pottery, basket making, toys, etc. The metal-workers' co-operative societies have done good work. There are eleven societies which manufactured goods worth Rs. 4.11 lakhs and sold goods to the value of Rs. 3.59 lakhs during the year. They can turn out more work if adequate metal is made available to them. The leather workers' societies produced goods worth Rs. 91,750 and sold goods worth Rs. 83,000. The value of goods produced by potters' societies was Rs. 68,490 and their sales were Rs. 77,840. The societies for cigar manufacture and coir workers have also done fairly well. The Madras Provincial Co-operative Bank has made generous contributions towards a fund for development of industrial co-operatives in the Province. They have so far allotted Rs. 15,000 for the development of cottage industries among men and Rs. 12,000 for development of industries among women. With a view to introduce improved methods of production six technical instructors have been appointed for leather, ceramics, coir industries and hand-made paper-making. Government have also extended help to these societies by sanctioning subsidies in deserving cases either for meeting the capital cost such as the purchase of small machinery or for meeting recurring expenditure. The goods produced by these societies are marketed either locally or through the Provincial Co-operative Marketing Society.

Women's Cottage Industries' Societies :

Attempts have been made to organise cottage industries among women. The womenfolk can contribute their mite to the family income, by engaging themselves in jobs like tailoring, knitting, embroidery work, preparation of pickles, etc., during their leisure hours. There were 85 such societies at the end of the year 1945-46 with a membership of 2,410 ; the value of goods produced and sold by them was Rs. 51,200 and Rs. 46,620, respectively. In the Madras city, there are 14 such societies. Government have sanctioned a Woman Special Officer for supervising these societies in the city and she has been working for over two years now. She is in charge of supervision of these societies and assists them in obtaining

raw materials and marketing finished goods. The societies produce shirts, socks, children garments which are sold on a consignment basis through the Cottage Industries' Emporium of the Provincial Co-operative Marketing Society. It is also proposed to introduce hand spinning among the members and the question of giving grant to the societies for the purchase of *charkas* is under consideration. The societies work under the guidance of a sub-committee constituted for the development of cottage industries among women. Government have extended help to these societies by granting an annual subsidy of Rs. 8,650 in the past two years towards the cost of their establishment and contingent charges. Wherever educated women are forthcoming, it is possible to organise such societies in large numbers at suitable centres.

Five-year Plan for Expansion :

Having regard, however, to the great scope that exists for the development of cottage industries it cannot be said that what has been done so far is spectacular. What is required is a definite policy and plan. It is necessary that there should be a plan of development and a sustained attempt at the execution of the plan, if the Industrial Co-operatives are to occupy an important place in the economy of the Province. There is an urgent need to revive, reorganise and broadbase the cottage industries. Government have under consideration a five-year plan for the development of cottage industries on a co-operative basis. It contemplates the organisation, to start with, of 9 cottage industries such as coir, leather goods, pile-carpet and woollen goods, ceramics, metal-ware, mat weaving, basket making, woodwork, cigar and cheroots, distillation of essential oils and soap manufacture. Societies will be organised at the rate of 5 per year under each industry bringing the total number of societies at the end of 5 years to 225. The scheme provides for the appointment of the necessary administrative and technical staff besides the grant of subsidies to the individual societies towards equipment and machinery. It also contemplates the reorganisation of the Provincial Co-operative Marketing Society so as to make it function as a provincial organisation to promote the interests of cottage industries' societies, in the supply of raw materials, marketing of finished goods and the establishment of district service centres which would act as the branches of the Provincial Co-operative Marketing Society to co-ordinate the activities of the cottage industries' societies in their area. The estimated cost of the entire scheme for the five-year period is about Rs. 12 lakhs.

Another five-year plan to develop women's cottage industries' societies drawn up by Mrs. K. Sathianadhan and submitted to the Cottage Industries Sub-Committee of the Post-war Industries General Committee is also under consideration. According to the plan it is proposed to establish about 250 co-operative societies in the Province, about 10 in each district at the rate of 50 societies per year and every taluk will have one society at the end of 5 years. This scheme provides for the appointment of women officers as

supervisory staff and instructors. It provides for the grant of subsidies to meet the cost of equipment, and towards establishment and contingent charges. The industries proposed to be tackled are tailoring and needle-work, embroidery, knitting, etc. It is expected that, when these schemes are put into execution, there will be a definite step forward in stimulating the growth of industrial co-operatives in the Province. Under the scheme of intensive rural development in select *firkas* initiated by the Government, it is the intention that cottage and rural industries should be organised and developed in these areas and the agency which will be suitable for undertaking the work is the co-operative organisation.

State Aid to Cottage Industries' Co-operative Societies :

Industrial co-operatives for men as well as for women have a great future. What is required is not only a plan but the will to execute it. Government help and public support are quite essential. Whatever may be the drawbacks of the goods of cottage industries compared to the machine-made goods, there is the human element which we cannot ignore—especially co-operators. The love for Swadeshi articles is doubtless likely to encourage the promotion of cottage industries. But this alone will not be sufficient. The Madras Provincial Co-operative Bank and Central Banks in the Province have been interesting themselves in the promotion of cottage industries by giving them financial assistance, granting subsidies, etc.; but, in any scheme of organisation, revival and development of cottage industries according to a well-organised plan it is essential that the State should take a vital part and render help to promote cottage industries. It is the responsibility of the State to create conditions and provide facilities in which the artisans may feel it worthwhile not only to carry on the industries but also to help themselves to raise their present standard of living. The All-India Planning Committee, while recognising the supreme importance in India of the establishment on an extensive scale of cottage and small scale industries, has pointed out the need for State assistance. They have recommended the establishment of regional promotional agencies in each Province to foster the growth of small scale and cottage industries and subsidiary occupations and the provision of necessary administrative and technical staff. They have recognised that the cottage industries' workers cannot be expected to meet the cost of these agencies and recommended that the whole of this cost should be borne by the State as is done by the U.S.S.R. The most remarkable progress in developing handicraft co-operatives has been made in that country and the success there is attributed to the large measure of support given by the State.

State-aid can take different forms. The exact form and degree of help will depend upon the state of the industry and the conditions under which it can be successfully carried on. Besides a planned organisation of the cottage industries' workers on a co-operative basis and the provision to these organisations of funds, raw materials and facilities for marketing, the

State should undertake the provision of necessary technical assistance and carry research in the problems facing the cottage industries' workers so that the results of research may be adopted advantageously by these workers. Other forms of State assistance are supply of up-to-date models, designs, the grant of subsidies and loans, provision of cheap supply of electric power to small factories established in rural areas, the grant of special facilities such as concessional rates for the transport of raw materials and finished goods, etc. It can also encourage cottage industries by purchasing for its own needs, wherever possible, the products of such industries. A systematic attempt at organising cottage industries' workers is urgently called for and an intensive campaign should be launched under the aegis of Government for the promotion of industrial co-operatives. There is no doubt that, with adequate State support and public encouragement, the industrial co-operatives have a bright future and a vital role to play in the economic life of the Province.

CO-OPERATIVE SUGAR FACTORIES FOR MADRAS.

Efforts are being made to start a sugar factory on co-operative lines at Kattuputhur, to serve the interests of sugar-cane growers of Trichy and Salem districts and particularly of those growers within the radius of 25 miles around Kattuputhur. There is a shortage of 50,000 tons of sugar in the Province, and it seems to be the intention of the Government to start sugar factories in different parts on co-operative lines with cane producers as members of the co-operative societies so that the producers may be directly benefited.

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INDUSTRIAL CO-OPERATIVES IN BENGAL

By

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A Retrospect :

Prior to the scheme sponsored by the Government of India for the development of handloom industry, the co-operative department of this Province had brought into being several Co-operative Industrial Unions with weavers' societies as their constituents at some of the important weaving centres. These Unions were managed by the non-official co-operators who were more or less associated with Co-operative Credit movement. Having very little business experience and technical skill to their backing the Unions generally worked as financing agencies of weavers and it was not possible for them to make any impression in the textile market and they made practically no headway in creating greater confidence of weavers in co-operative organisations.

In implementing the schemes approved by the Central Government (1935-36) action was therefore initiated on the following lines :—

- (1) training of weaver-members of co-operative societies in improved designs, textures and finish ;
- (2) training in the method of dyeing of yarn ;
- (3) introduction of improved looms for the use of trained weavers ;
- (4) supply of yarn at a cheap rate ;
- (5) supply of fresh capital to the industrial Unions as far as possible to finance new activities ; and
- (6) marketing of finished products of the weaver-members through the Provincial Industrial Society assisted by an expert Marketing Officer and canvassers.

Consistently with the programmes detailed above the annual grant from Government of India was allotted to the Unions not at once but slowly and cautiously year by year from 1935-36 according to the capacity of each Union and society to utilise them to the fullest extent. In the matter of distribution of grant the Department had to satisfy itself that the spade work done in respect of each scheme had the desired effect and that the subsidies could be actually applied to such an extent and degree as to place these Unions and societies on a satisfactory footing.

As has already been said the management of these societies was vested in the hands of those who had little technical knowledge and trade experience. To get over this drawback a special Assistant Registrar was

maintained out of Government of India grant who assisted the Unions to formulate policies with regard to production and development. Under him were placed 6 weaving experts, 13 weaving supervisors, 1 marketing officer, 1 textile designer and 2 canvassers specially appointed for the purpose of training, supervision, technical advice and the marketing of finished products of members of co-operative weavers' societies and Unions. The technical staff has recently been strengthened by new appointment of 8 Experts and 12 Supervisors.

Constitution :

The co-operative organisations are of 3 classes: —

(1) Primary societies, (2) Unions, and (3) the Provincial Co-operative Industrial Society, Ltd.

Operation of a primary society is generally confined within the boundary of a single village Union or thana and its membership open to *bona fide* weavers only varies from 20 to 200. There are, however, exceptions and societies like Bikrampore Co-operative Weavers' Society, Ltd., and Mymensingh Co-operative Weavers' Society, Ltd., have as their members a very large number of weavers and they operate independently while other primary societies are affiliated to Unions with all activities centralised in the Unions they constitute. There are primary societies of both limited and unlimited liability.

The membership of a Union is open to societies and individuals as well. The Unions being situated at the important centres of the industry where large number of weavers are found in compact areas, individual weavers are admitted as members. There are provisions in the bye-laws of Unions for preference shares to be subscribed by individuals other than weavers. Liabilities of the members of Unions are limited, and their areas of operation are sub-divisions or districts.

In view of the most important place the Unions occupy in the scheme of things, a portion under the head 'objects' is quoted below from the model bye-laws of Unions:—

"(a) primarily to encourage and provide facilities for the collective production and/or disposal of the produce of the members;

(b) to finance affiliated societies;

(c) to promote the working of or to organise co-operative societies amongst industrial workers within its area of operation;

(d) to inspect and supervise the work of the affiliated societies either directly or through the authority, if any, constituted under section 81 of the Act; and

(e) to assist and advise affiliated societies, and to further/interest in every way."

The Provincial Co-operative Industrial Society, Ltd., is a federation of all Unions and important societies. Its membership is also open to individuals and its constitution is somewhat on the lines of a Union.

The division of work between these three classes has been indicated in the subsequent paragraphs.

Working :

The primary societies with few exceptions are entirely dependent upon parent Unions in the matter of supply of raw materials, supervision, technical advice and marketing.

The main features of the programme formulated have been indicated in the opening paragraph of the note and the industrial Unions have been selected as the *media* for implementing them. In view of the extreme disorganised state of the industry and the conservatism of weavers to deviate from beaten tract the Unions were provided with small grants for the purchase of semi-automatic looms, jacquard looms, etc., for demonstration purposes. The weaving supervisor, in course of supervision of societies, would arrange practical demonstration of the working of the improved appliances. Unions have special fund for supplying improved looms to weavers on easy instalment system to follow up the propaganda by demonstration for introduction of new looms in places of primitive ones.

The Unions are fully fitted with dyeing appliances for supplying dyed yarn to weavers and the dyeing operations also serve as demonstrations for training the weavers in dyeing.

The weaving supervisors attached to the Unions make every possible effort in introducing new designs in texture, colour schemes, etc., and they are guided by a textile designer attached to the Provincial Co-operative Industrial Society, Ltd., at Calcutta, who can study the latest trend of Calcutta market in the matter of textile designs.

Supply of yarn to weavers at cheap rate is the most important single factor in determining the success or failure of efforts for improvement of the industry and it can be stated from the results achieved so far that the Unions have gone a long way in establishing the usefulness of collective purchase of raw materials. Previously they used to purchase yarn from Calcutta market and distribute through member-societies. Now yarn being a controlled commodity most of the Unions are engaged in yarn business as handling agents in their areas of operation; the societies taking the role of retailers in respect of individual members. It is expected that, in normal times when usual trade facilities will be restored, the co-operative Unions will be able to hold their own by eliminating chain of middlemen who will surely try to be in possession of market as before.

As regards marketing of finished goods the Unions arrange to sell the finished products to local consumers. Now they can establish contact with

Calcutta market also through the Marketing Officer and the Provincial Society for disposing textiles of finer types.

Production according to specification is the pre-requisite for availing the service of the Marketing Officer who can secure large-scale orders for the Unions. The constant supervision of societies by the weaving supervisors have been arranged with an eye to promote standardised production and successful undertaking of large orders.

The Provincial Co-operative Industrial Society, Ltd., is an emporium for popularising the handloom products in Calcutta market and every year a large quantity of finished products of superior standard is disposed through this society. The Marketing Officer, with the help of two canvassers, has been able to place large orders with Unions every year.

It is admitted that, before the advent of the present scheme with the assistance of Government of India grant, the Unions became financially unstable, a large percentage of their investments turning irrecoverable. Subsidies were granted to them to initiate production activities and in every new scheme a portion of grant was earmarked as revolving capital.

Now that the scheme has given a distinct fillip to the movement by providing the Unions with more business than before they have been able to stabilise their financial position. If they can meet their obligations to their creditors fully and regularly, there will be no dearth of private capital coming to their aid. Moreover, the Bengal Provincial Co-operative Bank, the apex Bank of the province, so long engrossed with the problem of recovery of its investment in the societies is now in a position to finance schemes for sale and purchase which the Unions are taking up. Thus the co-operative organisations can now expect to secure requisite working capital from sources other than share-holders.

Percentage of Handlooms in Co-operative fold :

There are about 1,11,000 members of the 18 active Unions. The Kusthia Co-operative Industrial Union, Ltd., the Bogra Co-operative Industrial Union, Ltd., and the Midnapore Co-operative Industrial Union, Ltd., which have since commenced work, will bring into fold about 25,000 more weavers, the Kusthia Union alone including 14,000 weavers. Leaving out the preference shareholders of these Unions who are not weavers, and taking into account the weaver members of societies which are not affiliated to any Union, the total number of weavers in the co-operative fold may be taken as just exceeding one lakh.

It is difficult to ascertain the exact number of workers in the handloom industry as it is functioning to-day. The Fact Finding Committee has given the total number of weavers as 2,01,979 and total number of active looms as 1,52,461.

The recent survey arranged by Civil Supplies Department has established the existence of 3,81,700 looms. We have our doubts as to the correctness of this figure as a large number of idle looms must have been taken into account. We can, however, venture to state that the total number of weavers under co-operative fold is not less than 50 per cent. of the total weavers' population in Bengal.

Though a large number of weavers are outside co-operative movement, nevertheless it must be admitted that in most of the important weaving centres like Dacca, Pabna, Tangail, Kusthia, Chowmohani, Chittagong, etc., only a negligible percentage of weavers is outside the co-operative movement.

Incentive Offered to Weavers :

Assured employment throughout the year is the best way to induce weavers to come into co-operative fold. The advantages accruing of collective purchase and marketing can be effectively demonstrated by a society working successfully. Therefore more attention is given to the successful working of the existing societies than hasty registration of new ones.

Special mention must be made of the three factors that have contributed largely towards popularising co-operative organisation among weavers :—

(1) *War orders* :—During the difficult period of war when yarn was extremely scarce and transport facilities were very much restricted, the Co-operative Department undertook to supply textiles worth Rs. 7.5 lakhs through co-operative societies. Government supplied necessary raw materials and Rs. 5 lakhs was advanced as working fund.

This was not only a great experiment on large-scale production by cottage workers strictly according to specification, but to provide employment to weavers when most of the looms ceased operation due to scarcity of yarn.

(2) *Rehabilitation* :—Government of Bengal initiated a scheme of rehabilitation of artisans hard hit by famine and other causes and it was decided that the relief would be administered chiefly through the agency of co-operative societies. In pursuance of this decision, a large number of weavers' societies were formed and it may be stated that this helped to make the increase of co-operative weavers' societies and their membership within a very short time practicable.

(3) *Control of yarn* :—The yarn being a controlled commodity can now be distributed by authorised agents only. Every attempt has been made by the Co-operative Directorate so that co-operative societies are selected as agents for distribution. The weavers are now encouraged to form themselves into co-operative societies so that they can receive yarn through their own organisations.

Plans for Expansion :

The next few years' activities will be directed to the extension of the scheme to new areas which promise successful operation. Consolidation of the existing activities is not neglected so that new areas can be tapped with healthy optimism. The outstanding points of the scheme envisaged are outlined here :—

- (1) Strengthening of the existing staff for administration, supervision, and marketing ;
- (2) establishment of a central yarn depot at Calcutta for purchasing yarn direct from mills and distribution through Unions. It has been proposed to follow this up by opening a cotton spinning mill for the purpose of supplying yarn to handloom weavers of co-operative societies ;
- (3) a central dyeing factory attached to the yarn depot for supplying ready sized beams to weavers and calendering machines for calendering the finished products ;

Nature and Extent of Government aid :

Besides maintaining adequate staff for supervision, technical guidance, propaganda and marketing, grants are given to Unions or societies at the initial stage for the following purposes : —

- (1) for maintaining staff and meeting other obligatory charges such as godown rent ;
- (2) for creating a working fund to be used as nucleus for further augmentation ;
- (3) purchase of improved looms, etc.

The exact nature of a grant to any particular society is determined by its special requirements, local conditions and the productive capacity of its member weavers.

The extent of Government subsidy to the different Unions and societies in comparison with the expenditure in maintaining technical staff may be seen from the following :

Year.	Maintenance of administrative and technical staff (including T. A., contingencies, etc.)	Grant-in-aid.
	Rs.	Rs.
1935-36	...	17,208
1936-37	...	19,285
1937-38	...	21,463
1938-39	...	27,006
1939-40	...	29,184
1940-41	...	31,888
1941-42	...	32,092
1942-43	...	33,888
1943-44	...	36,088
1944-45	...	40,780
1945-46	...	39,429

Ways and Means Adopted to Relieve Indebtedness Among Weavers :

The scheme on the whole seeks to arrest the gradual decline of earnings of weavers who are not only provided with employment but it is seen that the profit they earn is not meagre. The question of relieving the handloom workers from indebtedness appears to us, inseparable from the question of improving the decadent condition of the industry and the successful working of the scheme will, therefore, go a long way in solving the problem as well.

Particulars of Indigenous Co-operative Institutions :

The only indigenous institution of which we have some information is the Association of Nath community of Chowmohani (Naokhali). The aims and objects of the Association are social upliftment of Nath (weavers) but, sometimes, the Association also comes to the assistance of the community by providing loans, procuring raw materials and helping in marketing of cloth. The All-Bengal Momin Conference is an All-Bengal Association for the welfare of Momins, but their activities are not known to us. There is no doubt necessity for such institutions but they play rather a different role than a co-operative organisation which is concerned with business aspects only. In the absence of details in regard to their activities we refrain from commenting further on this point.

CO-OPERATIVE MOVEMENT IN BENGAL.

An increase in the members of non-agricultural societies, established as a part of Government's rehabilitation programme, and larger collection of recoveries, attributable to the improved repaying capacity of individual members, made possible by the improved prices of agricultural produce, are some of the main features of the Annual Report of the Working of the Co-operative Societies in Bengal for the year 1945. There has been a total rise in the total number of all classes of societies from 41,044 to 42,191, as against a decline of 221 recorded in the preceding year. The non-agricultural societies have recorded a marked increase in their number which stands at 2,425 as against 1,470 of the last year. Similarly, there has been an appreciable increase in the membership of all classes of societies from 14,86,298 to 15,50,788 with a corresponding increase in the aggregate working capital. The percentage of the total working capital has recorded an increase from 85.92 lakhs to 86.09 lakhs. Demand for fresh loans was not so pressing as the high prices of agricultural commodity had placed the agriculturists in an advantageous position. The development of handloom industry is receiving the best attention of both the Central and the Provincial Governments. The Government of India's grant of Rs. 76,485 paid for the tenth year in succession has been accepted by the Bengal Government's Co-operative Directorate.

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INDUSTRIAL CO-OPERATIVES IN C. P. AND BERAR

By

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Co-operative societies for industrial workers exist in the Province from the inception of the movement but these are more or less credit societies for artisans. Industrial co-operatives, as such, are however of a recent origin. Since 1942 increasing attention is being devoted to the development of non-credit and industrial aspects of the movement and attempts made in this direction are already bearing fruit.

Weavers' co-operative societies are the most important among the industrial co-operatives in this Province. Efforts to organise handloom industry on co-operative basis are being made since long through the agency or the Provincial Weavers' Co-operative Society, Nagpur. This society was established in 1934 with the aid of Government of India grant and has been since receiving Government of India and Provincial Government grants and loans for developing handloom weaving industry which is one of the most important cottage industries of the Province. The Society works under the advice of the Textile Expert to Government and the supervision of the Director of Industries and the Registrar, Co-operative Societies. Until recently, its main activity was to issue yarn to its individual members in order to get mainly saris manufactured by paying wages to them on the piece-work system but now the society is working as a Central Weavers' Co-operative Society with 117 affiliated primary weavers' co-operative societies having a membership of 19,924. During the quarter ending 30th June 1946, it supplied yarn to the primaries of the value of Rs. 23,50,329. It is for the present chiefly concerned with the regular and adequate supply of yarn to the weavers in these difficult times. On the basis of the figures given by the Fact Finding Committee, it may be said that four-ninths of the looms in the Province have been brought in the ambit of Co-operation. During the quarter ending 30th June 1946, the society supplied yarn worth Rs. 33,551 to its 804 individual members for manufacture of saris, etc., and paid them Rs. 50,500 as wages. A post-war scheme for planned development of handloom weaving industry has been put into operation through the Provincial Society from April 1946.

There is also a sprinkling of co-operatives for other cottage and small scale industries such as brass-metal work, bidi-manufacturing, dyeing, rope and newar-making, etc., and home industries among women. Sixteen brass-metal workers' societies have been recently started in the Province with a membership of 1,268. Their activity is at present confined to the supply

of brass and other metal sheets to their members for the manufacture of utensils and sale of their finished goods, etc., to wholesalers.

A society for the promotion of home industries among women was registered in 1944, which is known as the "Vanita Sahakari Grahaudyog Bhandar, Ltd., Nagpur". This society helps its members in preparation and sale of home products like lemon juices, squashes, pickles, *papads*, jams, jellies, chutney, vinegar, etc. A post-war scheme for the development of home industries among women through co-operative effort is being worked through this Vanita Bhandar. The object of the scheme is to develop the business of this society by training women in sewing, knitting embroidery, hosiery, newar-making, preparation of jams, etc.

The Jhallar Ghee Producers' Union at Jhallar in the Betul district is another important industrial co-operative union. The Union undertakes the manufacture of ghee and butter from the milk supplied by the members. It is equipped with scientific apparatus and appliances for the purpose. The total purchases and sales of the Union during 1944-45 amounted to Rs. 27,812 and Rs. 36,350, respectively. The working capital of the Union was Rs. 19,391.

It will be seen from the foregoing account that much remains to be done in respect of expansion of industrial co-operatives, but one heartening feature is that these and other co-operative institutions are not developing in a haphazard manner but according to a plan which aims at building up a well-integrated Province-wide co-operative structure. The industrial co-operatives will have a more impressive story to tell when the movement is patterned completely on the new plan.

MILK—THE STAFF OF LIFE.

There is an old adage that 'bread is the staff of life.' But this will need revising if people will only realize that 'Milk is nature's most nearly perfect food.' And it seems to be 'up to' the producers and processors of milk and milk products to drive this fact home to the consuming public. Nutrition experts at the University of Wisconsin have handed out these 10 reasons why milk has earned this title:

One quart of milk gives 45 per cent of your daily protein need; 20 per cent of your daily caloric need; 66 per cent of your daily phosphorus need; 33 per cent of your daily fat need; 145 per cent of your daily calcium need; 33 per cent of your daily vitamin A need; 14 per cent of your daily vitamin B need; 100 per cent of your daily riboflavin need; 50 per cent of your daily vitamin C need; and 20 per cent of your daily Niacin need.

Milk is the only human food which if mineralised with iron copper and manganese gives it all the requirements of a complete food. ("Canadian Dairy and Ice Cream Journal, November 1945.)

—*Indian Farming*, March 1946.

INDUSTRIAL CO-OPERATIVES IN ORISSA

By

ANANTA PRASAD PANDA, B.A.,

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The Industrial Co-operatives of War-time, China, have shown the way as to how the tremendous man-power of the old countries like China and India can be effectively harnessed to the production of the daily necessities of life and the teeming millions of artisans and craftsmen can be saved from the exploitation of the middlemen, merchants and capitalists. Though India could not take advantage of the war situation in developing her disorganised cottage industries on co-operative basis in the same scale as her old companion China did, yet the military demand gave a good impetus to the production of various things through cottage workers. Our baby province of Orissa also did not lag behind. We supplied a lot of war requisites produced by cottage workers, but it was in handloom textiles only that the co-operatives had been given a chance to prove its mettle and the other war orders were executed through middlemen contractors. In handloom textiles also there was a keen competition between the two methods of production, I mean, the co-operatives and the middlemen contractors, but it is gratifying to note that the co-operatives won and out of the total war supplies in textiles, the co-operatives could produce nearly two-thirds and contractors one-third only. It is needless to mention here that this baby province of Orissa could secure the third place throughout India in the matter of supply of war textiles and this was due to the part played by the weavers' co-operatives so successfully.

In recent years, attempts have been made to organise various types of cottage industries on co-operative basis. The figures given below will show the varieties of industrial co-operatives organised so far in this province of Orissa :

Handloom Weavers' Co-operative Societies ...	78
Fishery Co-operative Societies ...	12
Oil-pressing (<i>Ghani</i>) Co-operative Societies ...	7
Artisan Co-operative Societies ...	5
Shoe-makers' and Tanners' Co-op. Societies ...	4
Salt-manufacturing Co-operative Society ...	2
Bell-metal Co-operative Society ...	1
Paper-making Co-operative Society ...	1
Home Industries Co-operative Society ...	1
Press Co-operative Society ...	1
Horn Workers' Co-operative Society ...	1
Filgree Workers' Co-operative Society ...	1
Electric Workers' Co-operative Society ...	1

Tailors' Co-operative Society ...	1
Confectioners' Co-operative Society ...	1
Co-operative Hat Factory ...	1
Bee-keepers' Co-operative Society ...	1

Out of the above societies, some are on production and sale basis and some are undertaking distribution of raw materials among the member-workers after purchasing the same in bulk. From the experience so far gained in the working of these industrial co-operatives, it is found that the societies on credit basis are not working well as the cottage workers being poor, illiterate and often addicted to smoking or drinking habits, often squander away the credit given to them in cash instead of utilising the same for the improvement of their crafts and business. So, recently, we have made it a policy not to give any credit in cash to the member-workers, but give the same, if necessity arises, in the shape of raw materials and tools or implements if the worker-members work in their respective houses. In addition to the advance of raw materials, tools and implements, wages are also given in case of such industrial co-operatives in which the member-workers work in a common place or factory like the Orissa Co-operative Hat Factory, Salt-manufacturing Co-operative Societies, Weavers' Co-operative Societies or *Ghani* (oil-pressing) Co-operative Societies working on production and sale basis. Some of the recently organised industrial co-operatives have not yet started working in right earnest for want of adequate funds to purchase raw materials. The Provincial Government have, however, been approached for grant of loans for purchasing raw materials, tools and implements and for subsidy to meet the establishment cost at the initial stage for at least three years till the societies are made self-supporting.

In the post-war plan, a separate scheme has been drawn up for organisation and development of industrial co-operatives and steps are being taken to appoint a special staff for the purpose. Steps are also being taken to bring about co-ordination in the activities of the different departments of the Government through the District Officer with a view to materialise the development plans in right earnest. The Government recently sought the advice of Sri J. C. Kumarappa in the matter of development of cottage industries. He visited this province and advised to organise cottage industries on co-operative basis. Accordingly, the Co-operative Department is now organising Oil-pressing (*Ghani*) Co-operative Societies, the *modus operandi* of which is to supply raw material and wages to the *ghani* workers and get the oil obtained from them, marketed through co-operative stores and member hawkers, etc. Seven such societies have been organised so far, out of which 8 only have started functioning and the rest await the availability of oil-seeds. The Government also contemplate organising various other types of cottage industries on co-operative basis as advised by Sri J. C. Kumarappa as a part of this post-war development plan.

INDUSTRIAL CO-OPERATIVES IN THE PUNJAB

By

SYED ADDALAT HUSSAIN SHAH, B.A., P.S.C.S.,

Industrial Assistant Registrar, Co-operative Societies, Lahore.

The province of the Punjab is divided into two circles of Industrial Assistant Registrars. Both have their headquarters in Lahore. The jurisdiction of the Industrial Assistant Registrar, Lahore (West), extends over the three revenue divisions of Lahore, Rawalpindi and Multan *minus* Amritsar and Gurdaspur districts of Lahore Division. Jullundur and Ambala divisions with Amritsar and Gurdaspur districts of Lahore division form the circle of the Industrial Assistant Registrar, Lahore (East).

The progress made by the Industrial Co-operative Societies in the Lahore (West) circle during the year 1945-46 is described below :—

There is no Central Bank in this circle. The Co-operative Industrial Bank, Ltd., Amritsar, operates over the whole of the province and is under the charge of the Industrial Assistant Registrar, Lahore (East). There is one Co-operative Industrial Union at Kala Bagh in Mianwali district. The number of its members consists of 23 industrial societies and one individual member. Its working capital is Rs. 14,771. The number of Industrial Co-operative Societies, excluding the Co-operative Industrial Union, at Kala Bagh, stands at 167, with 2,658 members and Rs. 3,88,130 as working capital.

The number of societies tradewise is as follows :—

WEAVERS	SHOE-MAKERS	OILMEN	CARPENTERS	SMITHS	OTHERS	TOTAL
76	31	1	17	17	24	167

Five new societies were registered during the year. There is scope for more weavers' societies almost in all circles. Three societies were cancelled during the year. There are a number of societies which should be cancelled in view of their stagnant condition, but they are being kept in the hope that better times might come to save them.

Primary Societies :

As already stated, the year closed with 167 societies having a total membership of 2,658 and a working capital of Rs. 3,68,130. This means a net increase of two societies and 265 members over last year. The working capital has seen a decrease to the present figure from Rs. 4,51,355 last year and by Rs. 88,585. This is due to a greater recovery of loans during the year than new business, and is not, therefore, a matter for concern. The staff worked to the policy of expanding membership and, though it achieved success to some extent, the results are not very encouraging. Some districts are still without industrial societies, but it has not been possible to tackle them for want of staff.

Attempts were made, during the year, to collect as much amount towards shares as possible. Collections for the year show a large increase in all circles, so that the total this year is Rs. 9,205 as against Rs. 1,284 last year. The position as at the end of the year also shows considerable progress except in Lahore circle which records a small fall. The total figures are Rs. 22,687 this year against Rs. 19,462 last year. It may be noted that shares and compulsory deposits have been most unpopular in industrial societies. The truth is that there have been no collections from the members on these accounts, in most cases, except once at the time of organization of societies. The members of the staff have now specific instructions to help societies build up their own funds.

Total cash or kind advances by societies during the year stand at Rs. 13,490 as against Rs. 8,635 last year. Recoveries this year are Rs. 72,199 principal and Rs. 28,141 interest. Last year the percentage of recovery for the entire province, in terms of principal and interest recovered, both taken together, worked out at 20.43. The percentage worked similarly this year; for this circle it is 37.8, little less than double. The percentage for the principal recovery alone is 45.23. It may be mentioned that weaker societies too have done well and contributed considerably to higher percentages. Interest collection last year was for 14 months while this year it is for 17 months.

Speaking of the societies tradewise, it may be mentioned that weavers' societies form the majority, 76 out of 167. They show signs of life now on account of the yarn supply arrangement made during the year on collective basis. But members yet dispose of their finished goods individually. There are reasons for this. The sale depots do not give them a prompt return of the money value of goods and, therefore, they are reluctant to deal with them as their marketing depots. Again, the handloom cloth sells very readily locally and at very high prices, often exorbitant, as it is not controlled.

Shoe-maker societies are 31 in number. Some of them executed war-orders for *chappies* (shoes). Almost all the societies are preparing desi-shoes and there appears to be no desire among members to pick up new designs, such as manufacture of latest kinds of leather goods—suit-cases, shoes, hold-alls, sandals, etc.

Wood-worker societies are 17 as last year. Only four of them, one each at Lahore, and Dera Ghazi Khan and two at Gujrat, are able to carry out order supply work. They are all one-man societies. The rest of wood-worker societies in the province are of no importance and have little business, individual or co-operative, to merit a mention in this article.

Smiths' societies are 18 in number and they are situated in Sialkot and Gujranwala districts mostly. They have no outside liabilities, speaking generally. An important group of eight societies is at Wazirabad and

Nizamabad. The cutlers of these places are known for their trade. They executed a number of war-supply orders and are doing no business now as societies. There is a proposal afoot to amalgamate all the societies into one big co-operative concern on factory basis. The new by-laws have recently been approved by the Registrar and it is hoped to set up a big society shortly which will prepare cutlery of all kinds, perambulators, spare cycle parts and many other small things.

Sale Depots:

There is one Sale Depot at Lahore. The following is a summary of its transactions during the year:

i. Value of the goods at the beginning of the year...	Rs. 15,602
ii. Value of the goods received during the year ...	„ 1,819
iii. (a) Value of the goods sold in the year ...	„ 3,586
(b) Value of the goods returned to the societies. „	56
iv. Value of the goods in stock at the end of the year. „	13,870

The societies are reluctant to sell goods through the depot and thus its business stands considerably shrunk. Serious efforts are already afoot to bring it into its own, but that requires time.

The depot, by itself, cannot pay its way. Government dolls out a grant of Rs. 1,000 per annum and thus it is kept on going.

BUSINESS DONE DURING THE YEAR

Collective Purchase:

Kind of goods.	Weight or quantity.	Value, Rs.
Cotton (mill-yarn) ...	555 bales and 18 bundles.	1,98,058
Cotton (hand-spun) ...	2½ maunds	180
Dyes ...	1 lb.	20
Wood ...	115 Cft.	550
Miscellaneous (Munj) ...	50 maunds	300
Leather ...	5 maunds	518
Total value ...		1,99,626

Civil Supply:

	Rs.
Exhibition	...
Sale Depot	1,811
Orders	10,114
Direct sale	67,022
	2,15,106
Total	2,94,053

Difficulties experienced in the execution of Civil Supply orders:—

1. Inability to procure raw material of required quantity and quality.
2. Absence of facilities for the despatch of finished goods on account of booking restrictions by rail, from time to time.
3. In some cases societies are reluctant to take up orders for execution as payments of their bills have taken long to materialize.

INDUSTRIAL CO-OPERATION IN BOMBAY

By

L. N. RENU,

Secretary, Industrial Co-operatives Organising Committee.

I

As early as 1906 a co-operative credit society of weavers was organised in Ratnagiri District, which drew the attention of the Co-operative Department to the possibilities of organising co-operative societies on occupational lines. That society started with 15 promoters and had an initial share capital of Rs. 40 only. By 1907, weavers, boot-makers and carpenters started approaching the Co-operative Department for being organised into co-operative societies. By 1909, the leather workers of Poona and weavers of Dharwar started showing signs of undertaking productive activities through co-operative societies. Government started paying more attention to the development of leather workers' societies. It was expected that these societies of leather workers, undertaking sales, purchases and production, may prove an effective means of raising the conditions of these down-trodden workers. In 1911, the Harlia Chambhars' Society at Poona started a sales shop.

With the passing of the Co-operative Societies Act of 1942 the sphere of work of the Registrars of Co-operative Societies was expanded. The Government undertook development of weaving industry specially through weavers' societies and appointed demonstrators of fly-shuttle looms, and special officers to develop the weaving industry. In industries, subsidiary to agriculture, attention started being paid to dairies and cattle-breeding societies.

In 1918, the Co-operative Department felt that the Chambhars were "too ignorant and too factious to manage co-operative societies without constant help and supervision from outside. If this cannot be obtained, the societies must be gradually wound up. In most societies, the members have fallen into serious arrears. Accounts are in confusion and advances and recoveries are made carelessly and blindly. No new societies of this type are now being registered." The development of the leather workers' societies thus came to an end.

With the beginning of the first World War, stagnation set in the working of the co-operative societies. Throughout the duration of the war, purchases and sales were found almost impossible. There seemed to be no way out to help the societies. In 1918, however, an important step was taken in the creation of a union of 10 weavers' societies in Dharwar District for the wholesale purchase of yarn. It started with a working capital of Rs. 5,258. It was a spontaneous growth and was based on the sound foundation of a number of societies federating together. It showed a long record of success. The union, however, remained the only one

The producers' movement did not seem to attract much attention yet. The number of societies doing any business other than credit was only seven till 1920.

In 1920, Mr. Otto Rothfeld was appointed Registrar of Co-operative Societies. He had already made a study of Co-operation in France and, during his term of office, he again visited France, Hungary and England and also toured in different provinces in India. Mr. Rothfeld suggested a new classification of societies, dividing them into (a) Resource Societies, (b) Consumers' Societies (including building societies), and (c) Producers' Societies. In the third group he expected those persons to join who "combine in order to exercise a trade in common for their common advantage." The societies that had been registered till now, as a rule, tended more to be of the type of resource societies, than true producers' societies. Mr. Rothfeld undertook to make an attempt in organising real producers' societies.

In 1920, the number of societies recorded as producers' societies, including those in industries subsidiary to agriculture, was 26. The Twastakasar Producers' Society, organised in Poona, was perhaps the best of the new societies. In his report, Mr. Rothfeld writes "this society is run in strict accordance with the model by-laws drawn up on the lines of those used by the French Producers' Societies, the most advanced and successful in the world. All work is done in common and materials bought and articles sold in common. Members are paid market wages, but will also share any bonus out of the profits at the end of the year". A soap-makers' co-operative society was established in Bombay; A salt owners' society in North Kanara District, dyers' in Ahmedabad, potters' in Kumbharmath in Ratnagiri district, and a number of weavers' and other societies in different places. Amongst the cobblers' societies, the Dharwar Machigar Co-operative Society was the only one that worked as a non-credit society. An experiment was also made in starting a labour contract society in Broach, closely resembling to the Italian societies of Braccianti type. Mr. Rothfeld regarded it as "a true producers' society of the type which is largely required and which I should like to see spread in other parts of the Presidency. I believe there is considerable room for the workmen who work in municipalities, local bodies and public works department to form themselves into such societies and to take contracts themselves." A producers' society was also organised in Sholapur district for cultivation. Upto 1923 the producers' movement got a stimulus that could not be followed up by the department later on. A number of interesting experiments were made that showed signs of success.

The history of producers' societies from 1923 onwards is a history of slumps, stagnations, losses and cancellations. Interesting experiments were, however, made from time to time as in the case of the Kamgar Foundry in Bombay, which was a society formed by the ex-employees of the

G.I.P. Railway: Co-operative Printing and Publishing Societies in Bombay and Surat: the Leather Society of Nadiad, which produced washers: the coir society of Honavar: and to top them all the Maharashtra Industrial Agency for purchase and sale of the goods produced by the societies. All of them worked efficiently for a year or two, started stagnating and ultimately had to be wound up. The only type of societies that kept the interest of the Co-operative Department was of weavers. To help them the Bombay Provincial Co-operative Bank was persuaded to undertake wholesale purchase of yarn and sales of their produce. But that experiment also did not succeed. By 1936, no true producer co-operative society was left functioning in the province.

II

Mr. Otto Rothfeld had visualised setting up industrial co-operative societies as self-managing, democratic bodies of workers. The model by-laws that he prepared are one of the best. Only those persons who agree to work in the society can become its members. Employees of the society have a right to become its members after a probation of one year. Goods are owned by the society. Wages and bonuses are paid equitably. The Co-operative Department, however, thought it advisable at a later stage to modify these by-laws. Provision was made to include sympathiser members who were expected to bring sufficient funds to the society and under whose guidance it was supposed that the affairs of the society would be well managed, the "artisans themselves are usually illiterate, ignorant and incapable of managing their own affairs." The provision allowing right to the employees to become members of the society was dropped with the result that master-craftsmen could form a co-operative society successfully excluding other workers from the benefits of co-operative organisation. Such a co-operative could exploit labour of its employees just as a joint stock company could do. The Department also gave up encouraging the producers societies, to form productive units working under one shed. When making these modifications the Department had only the organisation of weavers' societies in view. A provision was, therefore, made in the model by-laws for a nominated committee of control consisting of nominees of the Registrar of Co-operative Societies, the Director of Industries and the Central Financing Agencies. In many cases this committee of control could not work due to lack of interest of the nominees and, in some cases, it would become extra enthusiastic. A board consisting of the Registrar of Co-operative Societies and the Director of Industries was set up and was further given wide powers of direction, control and supervision. Even these modifications, however, did not show any successful results.

Meanwhile, in a corner of the province, a new development was taking place. At Honavar which is more than 100 miles away from the nearest

railway station, a new urge came for the formation of producers' societies—first in sandalwood carving, then in bee-keeping, coir work, horn work, metal work, leather work, knitting, etc. Mr. S. K. Kallapur, a member of the A.I.V.I.A., undertook to work and organise activities on co-operative lines. He took one group of village workers after the other and experimented on their joining together to work and earn together. His experiments proved successful in every case. Though the by-laws adopted were in accordance with the model by-laws of the Co-operative Department, the societies spontaneously shifted into a line of work which made them purchase their raw materials and tools and implements through the society; carry on their productive activities under the guidance of the society, and usually in the workshop of the society and sell all the products of the members through the society. The first society that Mr. Kallapur organised was in 1940. Within the last six years members of each of the societies have not only improved their financial status, not only wiped off their debts, but have gained a social status which was not allowed to them before they started work co-operatively.

The members of these societies, though mostly illiterate when they joined the co-operative, have learnt how to use their vote and how to make their voices felt. Their meetings are often full of enthusiasm and interest. Unartistic and low quality goods are openly criticised and rejected by the Managing Committees of these societies. The members know how to accept the decisions of the majority sportively. They are ready to help each other, to teach each other and to respect each other. During festivals the members of the different societies join together and hold exhibitions, competitions, debates, dramas and sports meetings. It was because the organisers of these societies allowed opportunities of full development to the members that these societies could show such healthy development.

One often wonders whether over-dependencies of those societies on certain sympathising enthusiasts has not been one of the chief causes of the failure of many societies. The Co-operative Department has often encouraged sympathisers to be connected with the societies either as share-holders or as honorary organisers. Up to the time their interest is maintained in the society, it works well. As soon as their interest wanes the society tumbles down. The presence of well-educated, well-experienced and able persons in a society of poor craftsmen usually tends to bring a feeling amongst ordinary workers to allow the key positions to the able men and withdraw themselves from active co-operation in the society. Slowly, the workers start regarding themselves as employees of the able men under the garb of the society. To them the society becomes just another name of the master's workshop. It was this feeling that was specially avoided by Mr. Kallapur in the development of his societies at Honavar.

The problems created by the second World War, the success of the Chinese Industrial Co-operatives in keeping up the morale of China and

supplying its needs, and the political atmosphere in the country, led to much hard searching amongst the co-operative and other workers about in the year 1942-43. As a result a small group of workers in Bombay undertook to experiment and find out the possibilities of development of industrial co-operation in the province. Led by Sri V. L. Mehta, this group formed itself into an organising committee and undertook organisation of industrial co-operative societies on experimental basis. Work was chiefly undertaken amongst tanners in Surat, Bijapur and North Kanara Districts. Apart from societies organised by Mr. Kallapur, co-operatives of metal workers, rope-makers, and hand-made paper makers were also formed. A district conference of industrial co-operative societies in North Kanara was called at Honavar in December 1945 under the presidency of Sri V. L. Mehta and, according to its decision, a District Industrial Association for North Kanara was formed as a federal body of industrial co-operative societies. By the beginning of 1946 the Industrial Co-operatives Organising Committee had done sufficient spadework to consider setting up of a provincial promotional agency. It was intended that the Promotional agency should undertake organising of co-operative societies, purchase their requisites, sell their products, finance their activities and give them technical guidance.

In November 1945, the Committee made a report to Pandit Jawharlal Nehru, who encouraged the Committee to develop the line on which it had been working. He also suggested organising of a training course for organisers of industrial co-operative societies. The Committee, therefore, organised a training course in early 1946 which was attended by I.N.A. men and other candidates from the Bombay Province.

By October 1946, the Committee had organised 21 societies of leather workers, 6 of blacksmiths and metalsmiths, 5 of cane and bamboo workers, 5 bee-keepers, 3 wood carvers, 1 horn workers, 8 weavers, 1 dyers, 2 paper-makers, 1 potters, 1 oil-pressers, 1 bangle-makers, 2 fishermen's, 1 printers and publishers and 3 women's societies.

The number of registered societies in the Province as on 14-10-1946, was as follows :—

Weavers 182, tanners 20, Smiths 5, Fishing 3, dairies and cattle 26, bee-keepers 3, ladies 7, labour contract 2, basket-makers 1, coir and rope 2, sandalwood 3, paper-making 2, oil-pressing 1, potters 2, miscellaneous 9.

III

In 1935, the Government of India grant placed at the disposal of the Provincial Governments for development of weaving industry made it possible to start district associations of weavers' societies in different districts. The objects of these associations were ; to sell raw materials to weavers as cheaply as possible, to advise them regarding production of

new qualities, patterns and designs, to market their finished products and to sell them improved appliances on hire-purchase system. These associations were controlled by the Department of Industries through the marketing officer and a textile designer and the co-operative department through a weaving inspector. Expenses due to salaries and travelling allowances of the marketing officer, of the textile designer as well as working expenses of the associations were defrayed from the subsidy of the Government of India. The joint board of Co-operation and Industry also augmented the resources of these Associations by securing a grant of Rs. 2,000 for each Association. This enabled them to obtain more capital from financing agencies who allowed them to show a much better turnover.

In 1935, associations at Poona, Dharwar, and Nagar were established. By 1941, associations were established at Malegaon and Yeola in Nasik district, Sholapur, Ahmedabad, Bijapur, Belgaum and West Khandesh districts. These associations opened shops at their respective headquarters. In the sale of raw materials they kept only a small margin of profit which enabled them to benefit the members as well as non-members to a large extent. They were instrumental in improving quotations of local dyers in dyeing fast colours. In the case of finished products, however, they worked at a handicap owing to the competition of mills and other factory weavers. The textile designer helped them to manufacture articles of new quality, such as coatings, shirtings, table-cloths, saris, curtains, etc., which had a better market. The Poona Association could not work satisfactorily and had to be wound up in 1937. Some of these associations later on undertook preparatory and finished processes and dyeing and printing in connection with cotton and woollen handloom industry. Though the sales of the associations before the War were not generally satisfactory, they served a useful purpose as educative organisations, particularly in training the weavers in importance and value of new designs and new appliances and familiarising the public with such handloom products.

The grant-in-aid scheme sponsored by the Government of India, which would have terminated on 31st March 1940, was extended for two years more. When the yarn distribution control came the district associations were entrusted with the distribution work in their districts. This gave them very good business and the associations were able to make substantial profits and stabilise their position as shown in table below.

INDUSTRIAL CO-OPERATION IN BOMBAY

Figures as on 30th June 1946.

Name of Dt. Association.	Share Capital	Deposits.	Loans.	Government grant.	Purchases.	Sales.	Wages paid.	Profit.	Bonus to workers— one months pay.	Bonus to members in proportion.	Loss.
	Rs. A. P.	Rs. A. P.	Rs. A. P.	Rs. A. P.	Rs. A. P.	Rs. A. P.	Rs. A. P.	Rs. A. P.			
Ahmednagar	9,082 5 6	8,129 15 0	15,324 5	1,27,401 8	7,19,93,468 10	6,21,19,109 2	9,29,947 0	14,256 3 3	10%	40%	..
Ahmedabad	7,364 0 0	1,150 0 0	Nil	4,432 12	0,11,62,556 0	6,11,32,713 0	Nil	24,585 0 0	10%	61%	..
Malegaon	23,480 0 0	Nil	750 0 0	11,882 6	0,21,73,369 1	0,22,34,407 1	30,707 7	89,555 0 0	..	..	..
Sholapur	19,638 0	63,942 15	77,303 12	329 0 0	15,64,097 14	3,16,36,249 11	2,18,770 13	51,443 14 6	..	..	..
Bijapur	13,929 0	86,113 0	15,576 0	3,036 0	0,22,38,501 12	6,29,37,333 2	5,623 0	61,194 4 11	..	..	..
Belgaum	7,178 0 0	Nil	28,150 2 8	5,250 0 0	1,85,301 0	6,2,10,217 9	485 0 3	2,832 11 8	Nil	Nil	..
Habli	5,263 14	12,205 6	34,487 11	6,41,053 10	3,13,603 3	4,3,28,775 3	4,599 10 10	10,518 2 0	..	..	..
Dhulia	28,738 0 0	Figures not available.	Figures not available.	6,000 0	0,16,32,773 0	0,1,78,013 0	Figures not available.	56,348 0 0	..	..	..
Yeola	..	..	..	..	..	..	..	..	..	..	..

Figures not available.

* Per mensem.

It was expected that these associations would become federal bodies but, unfortunately, they have remained largely as very big primary societies. Many of them do not have even a single society of weavers affiliated to it. Many have one or two societies affiliated while individual membership of these associations goes into hundreds. Only in the case of Bijapur Association there are 19 societies affiliated to the association though, even in that association, there are 350 individual worker members and 200 sympathiser members who are not engaged in the weaving trade.

Membership of District Associations as on 30th June 1946.

	Societies.	Members.	Sympathisers.
Ahmednagar	3	45	200
Ahmedabad	1	825	1,418
Malegaon	1	6	1,922
Sholapur	3	302	682
Bijapur	19	350	200
Belgaum	Nil	1,034	218
Hubli	...	1,121	...
Dhulia	2	1,012	328
Yeola	Information not available.		

During the last few months 5 more associations have been started in Kaira, Thana, Satara, East Khandesh and North Kanara districts. The former four are yet limited to weaving industry only. The case of the North Kanara District Industrial Co-operative Association is a unique one. Organised by the Industrial Co-operatives Organising Committee this is the first association which has been started as a federal body and which has only societies as its members. This is also the only district association in the province which has extended its activities to other than weaving industry. The societies that have joined this association are engaged in bee-keeping, carving, horn work, leather work, metal and wood work, coir work, knitting, paper making and such other industries. This association will perhaps serve as a model in reorganising other associations under the re-construction plan.

It is necessary that district associations should tend to become federal bodies of societies and craftsmen in different industries. It is also necessary that these associations should extend their activities more to the development of societies and work through societies rather than helping individuals. Without its base in primary societies the district association will tend to lose its district character and its activities will be in danger of being localised. Without the existence of primary societies it will not be possible to develop individual workers spread over a district and in different industries. Whether an association should limit its activities to one industry only or should be a federation of different industries is a debatable question. But in the state in which industrial co-operation in India is

to-day, we can hardly afford too many agencies. The men required for this work are not available in large numbers. The finance available is limited. Co-ordination of different industries for capturing markets is necessary. It is, therefore, a happy trend that in Bombay province the district associations are expected to enlarge their activities to different industries.

IV

On 28th October, 1946, the Provincial Industrial Co-operative Association was registered and it started functioning in December, 1946. The Association allows its membership to industrial co-operative societies, organisers and staff of the association, and to sympathisers, whether individual, registered bodies or co-operative societies. Its work is to be carried through four departments, viz., organisational, financial, commercial and technical. It intends to employ one paid organiser in every district, who will be specially trained for the job and who will organise groups of workers in villages and towns of his district into industrial co-operative societies. It also intends to help the societies by providing financial and technical aid. The goods of the societies will be standardised and graded and the societies will be kept regularly informed regarding the market trends. The Provincial Association will try to use the services of the district associations in working out its schemes. It will also make use of the services of social workers, workers in village industries and other public men who will be ready to help and undertake organisation work as honorary organisers. It is expected that in this way a new cadre of workers may be enlisted in the industrial co-operative field.

The Post-war Reconstruction Scheme of the Government of Bombay visualises the organisation of district associations in every district and a large number of "industrial co-operatives on the "Indusco" model in China, which will work as producing centres and feeders of the existing and proposed industrial associations." It is also proposed to organise societies in industries, subsidiary to agriculture, specially dairies, creameries and milk supply unions. The estimated cost of these schemes include a capital expenditure of Rs. 10,000 and recurring expenditure of Rs. 2,88,000 for the development of District Industrial Associations, and Rs. 88,000 capital expenditure and Rs. 1,52,000 recurring expenditure on industrial societies. The Co-operative Department proposes special attention to be paid to the organisation of oil-crushing, leather workers' societies and weavers' societies.

A Provincial Conference of industrial co-operatives and village industries' workers was held on 1st and 2nd November 1946 at Poona which proposed a number of schemes and determined the lines of action for future work. That conference has recommended that suitable areas should be taken up where certain chosen village industries should be given maximum help in every way. Amongst the industries that the conference

recommended for intensive development are tanning and leather work, smithy and carpentry, dairy, cotton and wool spinning and weaving, oil pressing, etc. The conference recommended that the Government should make available funds required for the capital expenditure of industrial co-operative societies, and that one-half of such funds should be treated as subsidies and the remaining half as loans payable by easy instalments with interest at a rate not exceeding 4 per cent per annum. The conference also recommended that suitable arrangements should be made for loans required for purchase of raw materials, etc., and that the entire cost of management of a society should be borne by the Government for the first three years. According to this conference Government loans to individual artisans should be discouraged. Recommendation was also made to the Government to provide cheap, efficient and proper transport in respect of requisites of production and goods produced by village industries, to grant contracts to industrial co-operative societies and village industries in the matter of articles required by the Government Departments, State protection and training of artisans. The conference was of opinion that a permanent Planning Board for industrial co-operatives and cottage industries may be appointed to develop, survey and determine the industries that could be developed.

Industrial co-operation in Bombay Province is showing signs of successful development in the near future. It is interesting to note that persons belonging to different political and economic views have started thinking of developing industrial co-operative societies and have joined the Provincial Association with a view to take active interest in this field. It is also gratifying to note that in Bombay the Minister for Finance and Village Industries is Sri V. L. Mehta, the eminent co-operator who is keenly interested in the development of industrial co-operative movement. At the inaugural session of the Provincial Industrial Co-operative Association, the Home Minister as well as the Finance Minister declared that industrial co-operation was the one way to establish real economic democracy and bring equitable returns to the working man and that the Government will give all help possible to the movement. The views held by Pandit Jawaharlal Nehru and his colleagues in the Central Assembly on this subject are well-known. The Congress Election Manifesto placed organisation of society as a co-operative community as one of the ideals before the country. If the co-operative workers are able to make use of this opportunity, the industrial co-operative movement could forge ahead with flying banners.

INDUSTRIAL CO-OPERATION IN TRAVANCORE*

Owing to an inherent vitality and latterly on account of the impetus given to hand-spinning and handloom weaving by Mahatma Gandhi, the handloom industry has survived in India. Next to agriculture, it is the most important industry in the State; and efforts have been made to take advantage of the favourable situation created by the war and to organise and develop it. Government encourage the establishment of spinning, but not weaving, mills. The Travancore Sri Mulam Handloom Weavers' Central Co-operative Society, which now functions under a Government, nominated Board with the Registrar as Chairman, has affiliated to it more than 200 societies, either of weavers or having members interested in weaving. There are, in the State, about 20,000 weavers and 50,000 looms. The Central Society is, on the basis of the number of weavers under its control, allotted forty per cent. of the yarn imported into the State. 8,760 bales of yarn have thus been distributed by the Central Society to weavers, the yarn merchant being completely eliminated to that extent. Manufactured articles to the value of Rs. 8.24 lakhs have been purchased and marketed, after processing and finishing. There are dyeing and screen-printing departments in the society. The supply of yarn has never been adequate, regular or suitable; and there were, therefore, times when the Central Society was giving more promises than yarn and producing more complaints than cloth. The society has introduced standardisation of quality to a certain extent and in some lines. The Government propose soon to issue ration cards for yarn; the ambition of the society is to annex all the cards and enrol all weavers as members of one co-operative society or another and to purchase and market the entire output. Mainly from the profits derived from yarn business, the society has purchased an acre of land in the heart of the city, within a stone's throw of the Huzur Cutcherry and it is proposed to make every endeavour to instal a bleaching and calendering plant.

The bed of the Vembanad lake is a rich deposit of white fossilised lime-shells, which it is proposed to use for establishing a cement factory. Two co-operative societies had long been in existence in that area; the divers were collecting shells and the financiers were exploiting them. From Kanni 1119, the two societies were placed under a departmental inspector and all the licences were granted in favour of the societies. The divers are paid every evening on the basis of their outturn; and an average of more than 100 divers is engaged in the work. They collected, during the last two-and-a-half years, 87,687 tons of shells and received Rs. 1,18,858 as part-payment and later on Rs. 12,000 as bonus. The societies have, during

* Extracts from the paper read by Mr. K. Madhava Kurup, M.A., Registrar of Co-operative Societies, Travancore, at the Sixth All-Cochin Co-operative Conference held at Trichur on the 9th May 1946.

the period, accumulated reserve and other funds to the tune of Rs. 48,000. Societies of licensed divers are being organised in other places and also for black shells.

Screwpine mats and fancy articles of a wide variety are produced and marketed by a flourishing society at Tazhava, which, in times of paper scarcity, was supplying Tatas mat bags for soaps. The kora grass mat industry is carried on in various parts of the State and in one instance by a backward class society. The Government have sanctioned a survey of the screwpine and kora grass industries with a view to organise and develop them.

A survey of the coir spinning industry on a comprehensive scale has been sanctioned on the recommendation of the Industries Sub-committee of the Post-war Reconstruction Committee. That is an industry in which the middleman now reigns supreme; and coir is a produce of which we, on this coast, may claim to have a monopoly. The intention is to organise primary societies of producers along the entire backwater shores. The societies will take the coir to the licensed warehouses and the producer will be enabled to sell in the best market.

Latterly, the department has been devoting some attention to the development of cottage industries. Only a beginning has been made except in regard to handloom weaving and ivory carving. To integrate the spasmodic efforts of artisans, to provide raw materials and to purchase and market the finished articles, a Central Society was organised in December last and its work was inaugurated by the Dewan. Just before that, the Department's labours had been crowned with some glory, as, at the Sri Chitra Exhibition in the preceding October, the Department, by its display of industrial products, secured the Sachivottama Cup awarded to the best exhibitor. In the course of four months, the Central Cottage Industries' Society has enrolled 608 members, and collected Rs. 18,195 as share capital. It has about 60 regular suppliers who brought goods to the value of Rs. 32,631, and got an advance of Rs. 19,734. Some foreign orders are being received regularly; and two contracts were executed for the Public Works Department. The society participated in the Sivaratri Exhibition at Alwaye; and its Honorary Secretary, an officer of Government, is now in Bombay exhibiting Travancore artisans' and craftsmen's work at the All-India Exhibition. The Government have sanctioned an interest-free loan of Rs. 50,000 for three years and paid Rs. 6,000 for initial expenses and recurring charges.

The Wholesale Co-operative Society at Alleppey has recently opened a coir department. That is in view of the Licensed Warehouses Act which will soon become law. Producers can, under the proposed Act, deposit their goods for export or sale in these licensed godowns; and the receipts

granted by the warehouse-keeper, the warehouse warrants, will be negotiable instruments on which the depositor can raise money from a Bank. The Act seems to have no parallel in the rest of India and will be a boon to producers who will not be forced to sell at distress prices. Warehousing will naturally involve grading and standardisation and also check adulteration. In three months during which the coir department has been doing business, 913 candies of coir yarn were deposited with the society, which has already sold 687 candies. A sum of Rs. 1.74 lakhs was advanced to the members; and of this Rs. 1.07 lakhs has been recouped by the sale of their yarn to the factories. An advance is made of a percentage of the market price, and the full price is paid to the customer immediately the sale is effected, though some delay is inevitable before the society realises the cash. A nominal rent is charged and a reasonable interest on the advance. The society allows the deposit of only dry yarn of uniform scourage and has already established a small reputation for quality. Though there are 80 or more unlicensed godowns at Alleppey, the society had, during this period, the greatest deposits and the second best sales. The department dreams of establishing a chain of warehouses, each of which will be fed by primary societies of coir yarn spinners. The society is financed entirely by the Central Bank, like the Central Weavers' Society.

INDUSTRIAL CO-OPERATIVE SOCIETIES IN H.E.H. THE NIZAM'S DOMINIONS *

There were 91 industrial societies in the Dominions at the end of July 1946. Their membership was 1,753 and working capital Rs. 2,05,028. The owned capital was Rs. 1,17,064 which forms 57 per cent of the working capital. These societies advanced Rs. 4,180 to their members and repaid Rs. 5,011 during the co-operative year. They sold goods worth Rs. 14,718 and purchased materials worth Rs. 14,415.

The weavers' societies, by far, form the greatest number being 61. There are 4 paper makers', 5 carpenters', 9 goldsmiths' and other societies, 1 dyer's and 5 shoe-makers', and 5 miscellaneous societies totalling 91 in all.

*Note sent by the Joint Registrar of Co-operative Societies, H.E.H. the Nizam's Government.

CO-OPERATIVE INSURANCE : ITS NATURE AND IMPORTANCE

By

A. H. KULKARNI.

The position of "Co-operative Insurance" will be an important one in the scheme of things to come, specially so, if it can tackle the problems of agriculture, crop insurance, cattle insurance, dwelling houses, medical aid and such other public utility activities. Then alone will the goal of "Co-operative Insurance" in India will be reached. It is placed in an advantageous position for doing this type of work with the co-operation of a net work of rural and urban societies throughout India. But the difficulties are obvious with lack of statistics which are so essential for launching any such new schemes.

Insurance by nature is "co-operative", in that it is a device whereby individual losses are made good by corporate action of the constituents. It is a corporate activity in the sense that the losses caused to one particular individual are made good by contributions from other constituents, although nobody knows exactly who would be the next sufferer.

Insurance can serve as a mirror of capitalist society. As a matter of fact, there is a peculiar and extraordinary system of managing agents for Joint Stock Companies in India. These managing agents in so far as Insurance is concerned, have now been termed as Managing Directors or General Managers, on fabulous salaries and remunerations. The shareholding concerns are more or less dominated by the desire to produce profits to the share-holders. In the joint stock companies with a large block of shares in the hands of the Directors, Managers and other individuals practically control the companies and any voice raised against them is suppressed by the weight of the share holdings of the controllers. I may venture to say that there is a material difference between a shareholder of a company and a member of a co-operative society. There is the much abused "Proxy System" in the joint stock companies which is absolutely absent in the co-operative societies.

It may be stated that, apart from the privileges pointed out by me, there is even a constitutional difference between a "co-operative" insurance and a "mutual" one. The difference is a very subtle one and lie more in the spirit than in the constitution. Mutual societies have been in practice, turned into proprietary ones and mutuality has ceased to exist. The strong point of the advocates of mutual societies is that the whole profit is divided among the policy-holder-members, there being no shareholders. The co-operators, on the other hand, assert that it is not the profit which they aim at but it is the spirit of service that they cultivate.

There is much difference between the various types of insurance Institutions, viz., (1) Proprietary or joint stock; (2) Mutual; and (3)

Co-operative. The ultimate aim of the first group, unfortunately, is more or less dominated by the desire to produce more and more profits to their share-holders. The recent transactions of shares at ruinously high prices and the compensation paid out of the companies' funds to the out-going "Bosses", can serve as a mirror of the capitalists' tendency. As a matter of fact, some of the largest insurance companies were started with a very small capital and the dividend earned by the share-holders is out of all proportions. Co-operative insurance is of recent growth in India. It is therefore thrown amidst the competition of giant, well-organised proprietary concerns with highly developed agency organisations on expensive lines. It will take the movement some years in order to be on par with these institutions and we can surely expect the full benefits of the co-operative ideals to manifest themselves in the realm of insurance. But more co-operative insurance societies would be definitely to the disadvantage of each other. I have ventured to explain the difference between co-operative and other concerns.

The following are the Co-operative Insurance Societies now operating in India :—

1. Bombay Co-operative Insurance Society, Ltd., Bombay ;
2. B. & A. Railway Employees' Co-operative Benefit Society, Calcutta ;
3. Bengal Secretariat Co-operative Death Benefit Fund, Calcutta ;
4. B. B. & C. I. Railway Co-operative Mutual Death Benefit and Endowment Society for Indian staff, Bombay ;
5. Baroda Co-operative Insurance Society, Baroda ;
6. Bombay Postal Employees' Co-operative Insurance Fund, Bombay ;
7. Calcutta Customs Co-operative Benefit Society, Calcutta ;
8. Calcutta Postal and R.M.S. Co-operative Mutual Benefit Society, Calcutta ;
9. Corporation Co-operative Insurance Society, Calcutta ;
10. Hyderabad Co-operative Insurance Society, Hyderabad ;
11. Indore Co-operative Insurance Society, Indore ;
12. South India Co-operative Insurance Society, Madras ;
13. Travancore Co-operative Insurance Society, Travancore ;
14. Police Co-operative Life Insurance Society, Calcutta ;
15. Postal and R.M.S. Co-operative Benefit Fund, Madras ;

and out of these Bengal had to be wound-up while the employees' societies are not doing well. Hyderabad is a new product; Travancore and Baroda are not in a position to push on their business, due to the smallness of the area. Thus remain only three in Bombay, Madras and Hyderabad.

The reason for the poor progress is that insurance, as is known, is materially different in its nature from credit, marketing and other associations and obviously it is not prudent to multiply insurance societies for the

simple reason that larger the area, the more diverse conditions of life in that area and more diverse the population, the greater is the chance of a strong and sound co-operative insurance society. Insurance is averaging the risks and a smaller area and homogeneity of conditions would, I feel, prove fatal to the success of an insurance society. A Co-operative Insurance Society has besides to work along with the middle, lower middle and working classes as well. If we have to retain the full Co-operative character, we will have to reach the rural population where the average mortality is higher than those with higher standard of living. I, therefore, really believe that, while district or sectional co-operative insurance societies like postal, police and railways are practically out of the question to succeed or unwise to start, even Provincial co-operative insurance societies are not in any way an easy proposition.

An All-India Co-operative Insurance Society would be the best form of organisation working through branches in different provinces. I know, however, the provincial enthusiasm gets better of us and we already have more than one such societies in existence in India, though they are making satisfactory progress.

The recent legislative enactment in withdrawing the facilities of issuing policies for smaller amounts was a heavy blow to the progress of these societies. It is, however, pleasing to find that the Select Committee on the second Amendment Bill to the Insurance Act and the Hon'ble the Commerce Member have given a sympathetic hearing to the representatives of the co-operative insurance societies and it is hoped that the Legislature will push this amendment through.

To do better progress, it is absolutely necessary that the Governments concerned should show special attachment to this part of the co-operative movement as well, which is by no means an insignificant one. The co-operative departments concerned should also take fraternal care to the spread of the "Co-operative Insurance" in all its aspects and its benefits extended both to the rural and urban areas in the shortest possible time. This would help to keep up to the ideals of the movement. One of the many ways of helping this part of the movement is by permitting the deduction of premiums from the paysheet by all firms, local bodies and Government departments and making it clear that even under the Payment of Wages Act, the premiums can be deducted as is done in the cases of the credit societies, so that the handicaps existing at present may be removed.

I have no doubt that, with the importance attached to the co-operative movement by all the Governments—of whatever political views—they will be extended to it all possible help, sympathy and their own co-operation to these Societies.

CO-OPERATIVE LIFE INSURANCE IN MADRAS PRESIDENCY

By

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

Secretary, The South India Co-operative Insurance Society, Ltd.

There are two Co-operative Life Insurance Societies in the Madras Presidency and they are the South India Co-operative Insurance Society, Limited, and the Postal and R.M.S. Co-operative Benefit Fund, Limited. Their origin and growth are briefly sketched in the following paragraphs :

The South India Co-operative Insurance Society :—

Co-operators of the province of Madras, keenly feeling the need for a co-operative institution to cater effectively the life insurance needs of the middle classes and the lower middle classes living in urban and semi-urban areas and rural population, urged on the Co-operative Department in successive Co-operative Conferences for the registration and functioning of a co-operative life insurance society, which can issue policies to all classes of persons even for small amounts. Though the Co-operative Department persistently refused the demand of the co-operators of the province for a long time ultimately registered the co-operative life insurance society in December 1981, which started functioning under the name of the Madras Provincial Co-operative Insurance Society in the beginning of 1982 under the guidance and chairmanship of the distinguished veteran International co-operator, the late Hon'ble Mr. V. Ramadas Pantulu. The then Registrar of Co-operative Societies Mr. (now Sir) D. N. Strathie, while inaugurating the society, observed that having been genuinely convinced that there is a need for a life insurance institution run on co-operative basis, which will have a very bright future, he has agreed to register the society though it was stated in some quarters that numerous life insurance institutions functioning in India at that moment were finding it difficult to secure business on profitable lines since the insurance consciousness has not sufficiently developed as was the case in western countries. At that moment were 15,000 co-operative societies functioning in the province and, if each society contributes Life Assurance business worth Rs. 1,000 each year on the lives of their members that is, effect two policies for Rs. 500 each, the annual business output of the newly formed life insurance society will be Rs. one and half crores and the aim should be that if a member of a co-operative society desires to get his life insured it should be through the co-operative life insurance society alone. He felt that middle classes, lower middle classes and rural population are the persons who are in real need of life insurance and an institution run on co-operative lines alone can cater to their needs effectively by issuing policies specially for small amounts. The fifteen years' working of the society has amply justified his conviction and the society, having passed through three successive valuations, stands to-day on a very stable foundation.

The name of the society was subsequently changed as the South India Co-operative Insurance Society. The Madras Provincial Co-operative Union was mainly instrumental in getting the society registered and starting it on its work. The society's authorised share capital was ten lakh shares of the value of Re. 1 each and each individual, who holds a policy in the society, should be a share-holder and the maximum shares that one individual could hold was limited to Rs. 1,000 and co-operative institutions also are admitted to membership and no limit was prescribed regarding the maximum holding of shares by co-operative institutions. The initial deposit of Government Securities to the face value of Rs. 25,000 with the Controller of Currency required under the Insurance Act to enable the society to start functioning was first subscribed by the Madras Provincial Co-operative Bank. The Co-operative Central Banks in the province subscribed Rs. 1,000 each and the society was thus able to start on its business with the help of sister co-operative institutions.

The first Board of Directors was nominated by the Registrar of Co-operative Societies and it functioned for a period of one and half years. Then as per the by-laws of the society elections were held and the composition of the Board of Directors was as follows. One person elected from among the original signatories for the registration of the society, one representative of the Madras Provincial Co-operative Bank, one representative of the Madras Provincial Co-operative Union, and two representatives of the member co-operative societies other than Provincial Bank and Union, and three representatives elected by the policy-holders from among themselves, one person nominated by the Registrar of Co-operative Societies, and one person co-opted by the nine members. Thus the total strength of the Board was ten. Subsequently, the by-laws were amended so as to substitute another representative of the policy-holders in the place of the nominee of the Registrar. The by-laws were again amended and the constitution of the Board, as it stands now, is, seven representatives of the policy-holders, two representatives of member co-operative societies, one nominee of the Registrar of Co-operative Societies, and another person to be co-opted by the Board. So the total strength of the Board now is eleven of which policy-holders' representatives are seven. It will be noticed therefore that the policy-holders of the society have a very large voice in the management of the institution.

After the passing of the Insurance Act in 1938 co-operative life insurance societies were not permitted to have share capital on which dividend or interest is payable. Consequent on such statutory requirements the share money invested by the co-operative institutions and individuals was refunded and the by-laws of the society were amended at a special General Body meeting and it was provided that every policy-holder should be a member of the society by payment of Re. 1 towards membership fee and co-operative institutions which desire to be members of the society

should pay a membership fee of Rs. 25. This membership fee is not refundable. No difficulty was felt to comply with the requirement of the Statute, *viz.*, to dispossess itself of the share capital held so far, since by that time the society has built up a considerable amount of Life Assurance Fund to enable it to carry on its business without the need for any share capital.

Under the by-laws of the society the society's area of operations is British India and Indian States and the society can also issue policies on the lives of Indians wherever they may reside. The minimum sum for which a policy of life insurance can be issued by the society was Rs. 100 till April 1946 and the maximum on any one single life was Rs. 5,000 which was subsequently raised to Rs. 10,000. Under the Insurance Act, as amended in 1946, the special privilege enjoyed by the co-operative insurance societies for issuing policies for sums below Rs. 500 was taken away and the minimum amount of assurance for which a policy can be issued by a co-operative life insurance society was fixed at Rs. 1,000 on the same footing as other joint stock insurance concerns. But, there is another amending bill now before the Legislature, one of the provisions of which is to restore to the co-operative life insurance societies with certain qualifications the privilege of issuing policies below Rs. 1,000 and it was represented before the Select Committee in December 1946 that the privilege which was hitherto enjoyed by the co-operative life insurance societies of issuing policies for small sums should be restored without prescribing any conditions whatsoever, and it is hoped that the Central Legislature will enable the co-operative life insurance societies to issue policies for sums below Rs. 1,000, the main purpose for which co-operative life insurance societies were started.

Since the inception of the society, that is, in 1932, under the by-laws of the society, a limit was set on the amount of expenses on management. Only 90 per cent of the first year's premia was allowed to be utilised towards expenses on management and the society had no difficulty in meeting the requirements of the Insurance Act when it was passed in 1938, wherein under rule 25(b) it was prescribed that towards expenses on management only 90 per cent of the first year's premia could be utilised. The profits of the society are ascertained under the by-laws at quinquennial valuations and out of the profits declared under the by-laws of the society not less than 90 per cent is distributed among the with profit policy-holders as reversionary bonus on the scale recommended by the Actuary and not more than 10 per cent is carried to the investment reserve fund. It will thus be noticed that the entire profits are utilised for the benefit of policy-holders and there is no extraneous element to claim a share therein as in the case of joint stock concerns. The society has undergone three valuations by the end of December 1945, and, the following figures will go to show that the society has been growing from strength to strength. The progress of the society with regard to the number of policies issued and also the amount of insurance, etc., is given below.

POLICIES ISSUED.

Year.	No.	Amount in Rs.
31st December 1944	2,608	85,12,065
31st " 1945	4,981	66,82,845
31st " 1946	5,689	81,87,228
Total number of policies issued : from inception	80,840	8,42,81,970-8-0

VALUATION.

Valuation Date.	Life Assurance Fund.
30th June 1936	Rs. 1,24,000
31st Dec. 1940	" 7,46,000
31st " 1945	" 25,45,000

Valuation surplus on 31-12-1945, is Rs. 1,95,923, and a simple reversionary bonus of Rs. 6 per thousand per annum, was declared.

The society has been transacting business mainly in the province of Madras and it has also a branch office at Lucknow. Plans are afoot for expanding the business of the society by opening branches in some other provinces also. Through the help of the co-operative institutions and co-operators—official, and non-official,—in the province of Madras and the United Provinces, the society has been able to build up its business steadily. And a strong edifice has grown on the foundations laid by the late Hon'ble Mr. V. Ramadas Pantulu and Mr. D. N. Strathie, and it is hoped that it will still grow in course of time.

The Postal and R.M.S. Co-operative Benefit Fund, Ltd. :

The fund was started under the name of the Postal and R. M. S. Mutual Family Benefit Fund, on the 1st August 1921, with a view to provide some monetary relief for the families in the case of members' death, and for the members themselves in the case of their retirement. Membership was restricted to the officials of the clerical grade and from service above of the R.M.S. M. Division, who were members of the R.M.S. Association. It worked as such till 22nd November 1925, when it was registered under section 9 of the Co-operative Societies Act II of 1912, under the name of "the Postal and R.M.S. Co-operative Benefit Fund, Ltd." The fund, however, continued to work under the "Call System" according to which on the death or retirement of a member, a call was issued to the members on the roll to remit rupee one each. The amount thus collected was distributed to the heirs of the deceased member in the case of death, or to the member himself in the case of retirement, at the rate of four-fifths and three-fifths of the amount collected, up to a maximum of Rs. 1,200 and 1,000, respectively, and the balance was taken to the reserve fund. The amount of benefit paid varied according to the number of members on the rolls at the time of occurrence. The system was slightly altered from 1928 and the call of rupee one was issued to each member only in the case of death, and a call of annas eight only was issued in the case of retirement of a member, and from the amount collected, nine-tenths was paid to the heirs or nominees of the deceased, or to the member himself in the case of

retirement and the remaining one-tenth was taken to the reserve fund. In the year 1928, the membership was thrown open to all Postal and R.M.S. officials above the rank of a postman or a mail guard, who is a member of any postal association in India or Burma. A separate branch called the B branch was opened in November 1924 to enable postmen and other lower grade officials to join the fund with a separate set of by-laws and accounts.

In June 1927, the Registrar of Co-operative Societies suggested to the fund, the necessity to have its by-laws examined by an Actuary as in his opinion, the call system was not scientific, for the reason that there was no fixity either of the contributions to be paid every year or of the benefits to be received in the case of deaths, or retirements and also that the uniformity of contributions by members joining at different ages was not fair. Accordingly, a scheme was evolved on the basis of life insurance business and this was approved by the Registrar of Co-operative Societies in March 1931, since when the Fund has been working as a Life Insurance Society. It was therefore registered also under section 8 of the Insurance Act, 1938, on the 6th November 1939. After the fund was registered under the Co-operative Societies Act, the Department granted the concession of recovering dues from the members at the time of disbursement of their salaries by the disbursing officers and remitting the amount to the fund. From the year 1932, the membership was thrown open to all officials of the Indian Posts and Telegraphs Department not over fifty years of age, whether members of any Union or not, and, again in the year 1941, the membership was thrown open to the officials of the Postal Audit Office also. The B Branch was amalgamated with the main Fund in 1932 and policies were issued for amount of Rs. 100 and multiples thereof upto Rs. 1,000, till the amended Insurance Act, 1946, came into force.

So far it has undergone two valuations. The valuation of the fund's position as on the 30th June 1937, disclosed a surplus of Rs. 50,525, out of which a reversionary bonus at Rs. 6-4-0 per year per thousand was added to the face value of every policy in force on that date after setting apart a sum of Rs. 15,000 for contingency reserve fund and Rs. 5,000 towards investment reserve. The last valuation held was for the period ended December 1941, and this disclosed a profit of Rs. 11,892, which was passed over and is kept under bonus equalisation fund for being added on to the bonus that may be declared in future.

Till the end of 1945, the fund has paid to its members or to their heirs, benefits amounting to Rs. 15,02,746-8-7, and has assets amounting to Rs. 11,86,890-15-10. On the 31st December 1945 the number of members in the Fund was 3,048 and the number of policy-holders was 3,134. The total amount assured (with bonuses) was Rs. 80,78,274-2-0 with an annual premium income of Rs. 1,22,896-6-8. The total Life Fund amounted to Rs. 10,88,847-2-11.

CO-OPERATIVE FIRE AND GENERAL INSURANCE IN MADRAS

By

V. VIYYANNA, B.A., B.L.

Vice-President, Co-op. Fire and General Insurance Society, Madras.

Insurance against fire originated with the Great Fire of 1666 in England and, by the end of the 17th century and in the early part of the 18th century, various fire insurance concerns were founded. The principle underlying fire insurance is money contributed by the many, might be paid to some of the contributors who may one day suffer from fire loss by way of relief. The technology of fire insurance developed by leaps and bounds as experience was gained. Some group of fire companies started their own fire brigades. Educational work was also started and members are given lectures about fire hazards, etc.

Fire and General and Life Insurance on Co-operative lines has made great progress in many European countries. In Finland, there were by 1935, 808 co-operative insurance societies, who insured against fire for a total value of 14,769 million marks. In Sweden, Sawarlute Co-operative Insurance Society incurred against fire for a sum of Rs 23.72 million Kroner. It is interesting to note that in Norway a Co-operative Fire Insurance Society was started by the Co-operative Union and Co-operative Wholesale Society. In England, the Co-operative Insurance Society at Manchester undertakes fire, accident and automobile insurance, besides ordinary industrial insurance. In the United States of America, co-operative insurance holds a pivotal position in the field of rural insurance. According to Mr. Joseph Knapps, who contributed an article on "Agricultural Co-operation" in the United States, in the *Year-book on Agricultural Co-operation, 1942*, there were 2,000 associations with a membership of 8 million farmers and having an insurance in force amounting to 12½ million dollars, which represented half the value of insurable farm property in the United States of America.

The Co-operative Fire and General Insurance Society :

The need for organising life societies on co-operative basis was felt as early as 1930. The Co-operative Life Insurance Society was started in Madras in 1932. The need for a Co-operative Fire Insurance began to be felt keenly since the advent of the II Great World War with the development of the Co-operative Movement, particularly in the field of distribution, marketing and also of housing. Large number of consumers' societies came into existence in Madras and it was felt that the large stocks of food grains and other commodities worth some crores of rupees needed protection from fire.

Accordingly, in the year 1941, a Co-operative Fire Insurance Society was started and registered in Madras.

The main objects of the Co-operative Fire and General Insurance Society at Madras are: (i) to carry on the business of fire insurance in all its branches, (ii) to carry on the business of motor insurance, (iii) to carry on the business of accident insurance, (iv) to carry on fidelity guarantee, and (v) to carry on business of insurance against loss of property by theft, burglary, etc.

It will be seen that the scope of the co-operative society is wide enough to cover insurance against all kinds of risks except life. The society confined its activities for insurance against fire only. Fidelity guarantee insurance was taken up in 1945. Motor insurance was also taken up in 1946 when third party insurance was made compulsory by the Government. In the field of Co-operation, these three kinds of risks are common and probably risk by theft and burglary as well.

Membership in the society is open to co-operative institutions and the area of operations extended to the whole of British India. The share capital of the society was Rs. 10 lakhs made up of 10,000 shares of Rs. 100 each. An entrance fee of Re. 1 per share is also collected. Though as per the by-laws membership is restricted to co-operative institutions and consequently property of members only has to be insured, the society accepted insurance of non-members as well, as otherwise the business procured will be very small when compared with other insurance concerns. To remove this anomaly, the by-laws of the society have been amended and membership of two kinds "A" and "B", has been introduced. "A" class membership is open to all co-operative institutions and they have to take shares of Rs. 100 each. "B" class membership is open to all individuals and these members need only pay a "share capital of one rupee." The "B" class members will not be entitled to any dividend nor are they entitled to a vote in the society. The business of the society shall ordinarily be restricted to its "A" class members, but, to enable the society to command adequate business, it is permitted to transact business with others if they are admitted as "B" class members. The total share capital for this "B" class is put at Rs. 25,000 only.

The management of the society is vested in a Board of Management which consists of 18 persons. The representation is distributed among various types of institutions—banks, loan and sale societies, stores, etc. Two members are to be nominated by the Registrar. The Board elects an Executive Committee to attend to the administration of the society.

The income of the society is appropriated as follows :

- (a) Payments for fire losses.
- (b) Commission to Agents.
- (c) Expenses of management and organisation.
- (d) Payment of re-insurance.
- (e) Payment of interest on debentures.

- (f) Reserve for unexpired risks, which fund is intended to meet the actual loss incurred on policies, which do not expire on the last day of the insurance year.
- (g) Special reserve for margin of safety to provide for contingencies like conflagration, etc.

After meeting the above charges the balance is treated as profit and is appropriated as follows :

1. Not less than 25 per cent to general resources.
2. Out of the balance, dividend on share capital not exceeding 5 per cent.
3. Bonus to employees, not exceeding one month's salary.
4. 5 per cent to building fund.
5. 5 per cent to Common Good Fund.
6. Balance transfer for Reserve Fund.

Progress : The society has progressed well from year to year, though its sphere of activity has been confined to Madras Province. The progress made by the society is set out hereunder :

Year	Members	Policies	Amount in Rupees	Net premium		Net profit (+), loss (-)		General Reserve	
				Rs.	A. P.	Rs.	A. P.	Rs.	A. P.
1941	86	60	5,31,462		1,596-7-0		-1194-0-11		Nil
1942	93	3,200	2,50,25,630		50,385-2-0		+295-2-0		Nil
1943	109	5,526	2,82,14,917		85,471-13-4		+34,188-11-9		13,649-8-11
1944	171	4,992	4,06,41,666		1,17,540-0-11		+48,568-9-6		34,640-12-6
1945	203	4,030	6,52,66,367		1,31,640-0-0		+51,584-2-7		30,102-4-11
1946	286	3,626	7,16,51,720		1,66,028-3-0		75,000-0-0		40,000-0-0

Fidelity guarantee, 52 policies for Rs. 68,600, premium Rs. 661-4-0 in 1945.
 " 96 " 4,47,800 " 1,240-0-0 in 1946.

The claims experienced by the society are few :

For the year 1943, one claim for Rs. 16-8-0
 1944, four claims for Rs. 3,387-3-0

The total sum in the general reserves amounts to Rs. 1,18,892-10-4. This is a good achievement in a short period of four years.

Fire insurance has so far been confined to insuring food grains and other commodities and, mostly by consumers' societies and procurement societies. It has not made any progress with house building societies. There is a great future for the development of procurement and marketing through co-operative agencies all over India. A scheme for procurement solely through co-operative societies, eliminating all merchants, has already been started in Madras. House building is bound to develop through co-operative agencies. As such, there is a great scope for co-operative fire insurance to develop its business.

But fire insurance to be proceeded on a large scale as is done by joint-stock companies, the area of operations has to be extended so as to cover more than one province. For safety also fire insurance will have to be done on a large scale. The fire premiums, unlike life insurance premiums, are for short periods, not exceeding a year. The premiums are also very small when compared to the risk undertaken. As such a large reserve fund has to be built up and share capital also will have to be very large. The Co-operative Planning Committee appointed by the Government of India recommended the organisation of an "All-India Fire and General Insurance Society" with representatives of different provinces as well as different interests and the administration being entrusted to local Boards in each province. The Committee also state that in view of the early start of the Madras Society, it may be excluded from the All-India Society. It has to be considered whether one society for the whole of India will not be too big and unmanageable and whether 3 or 4 societies, for specified zones may not be more convenient. The fire insurance society is not confined to insuring against fire only. Its business will cover fidelity, motors and accidents insurance. As such one society for the whole of India will certainly be unwieldy and will lead to higher expense. In the interests of economic management, careful supervision, etc., a society for a group of provinces, contiguous to each other, is advisable.

The Madras Co-operative Motor Vehicles Insurance Society, Ltd.

In addition to the Co-operative Fire and General Insurance Society transacting motor insurance, another Co-operative Society for the province of Madras has been registered on 15th February 1946 to insure motor vehicles as required under the Motor Vehicles Act of 1939, the insurance being restricted to members owning a public service vehicle. From the by-laws of this society, membership is not restricted to persons owning a public service vehicle, but is open to any person over 18 years of age or a company or a firm being the owner of a public service motor vehicle, whether passenger car, or bus, or lorry. But the object with which the society was started to insure motor vehicles of only members owning a public service vehicle and the business is so restricted under by-law 38.

The share capital of the society is Rs. 2,50,000 made up of 2,500 shares of Rs. 100 each. No member can take more than 100 shares.

Section 108 of the Motor Vehicles Act, IV of 1939, enables a Provincial Government, to register a co-operative society of public service vehicle owners. Such society is allowed to transact the business of an insurer for the purpose of third party risks only subject to certain conditions as to maintenance of a fund of Rs. 25,000 for every 50 vehicles or fraction thereof, the liability being limited, etc. This Co-operative Insurance Society is not subject to the provisions of the General Insurance Act of 1938.

CO-OPERATIVE INSURANCE IN BOMBAY PRESIDENCY

By

G. H. THAKORE, M.A. (CANTAB.)

Secretary, Bombay Co-operative Insurance Society.

Co-operative insurance came to be recognised as an integral and necessary part of the co-operative movement in India rather later and that, too, only after considerable success was achieved by the Co-operative Insurance Society in England. The history of the Co-operative Insurance Society of England makes very interesting reading, particularly as, before it attained its present eminent position in the sphere of co-operation, it passed through many vicissitudes. One very interesting plan which the society is offering is what is known as the Collective Assurance Plan under which a co-operative society by payment of a collective premium based on total purchases could insure all its members individually for sums payable at death, varying with the amount of the individuals' purchases over a period of years. This collective assurance is extended to cover also the wife or husband of the member insured. I am briefly alluding to this in view of the fact that so far, no Co-operative Insurance Society in India has evolved a similar plan for the benefit of members of sister co-operative societies.

Co-operative insurance has now been accorded its due recognition as an important facet of the co-operative movement throughout the world. Practically all the usual forms of insurance are granted by co-operative insurance organisations.

The oldest co-operative insurance society in India, as far as I am aware, is the Police Co-operative Insurance Society, Ltd., founded in 1926. The scope of its activities is, however, restricted to members of the Police Department only. It transacts life insurance business. Next to be started was the Bengal Co-operative Insurance Society, Ltd., in the year 1929. It was open to all persons. It transacted provident business only till the year 1933, when it started transacting Life Insurance business, as generally understood.

It was in the year 1930 that eminent co-operators of Bombay started the Bombay Co-operative Insurance Society, Ltd. This society was started as a result of a resolution adopted at the conference of co-operators held earlier in that year. This conference appointed a Committee consisting of Diwan Bahadur H.L. Kaji, Diwan Bahadur C.M. Gandhi, Mr. G.S. Marathay, and Mr. K. C. Desai, to consider and report on the advisability of starting a Life Insurance Society on co-operative principles. On the basis of the favourable report made by this Committee, the Bombay Provincial Co-operative Institute undertook to help organise this society. The original name of this society was the Bombay Provincial Co-operative Insurance Society.

The society was registered under the Bombay Co-operative Societies' Act, (Act VII of 1925), on the 24th June 1930. Before the society could transact any insurance business, it was required to deposit with the Government of India, in terms of the Indian Life Assurance Act, a sum of Rs. 25,000. As per its by-laws, the society had not made any provision whatsoever for the issue of shares. So, the amount required to be deposited with the Government was raised by debentures carrying 6 per cent interest. The debentures were subscribed by the original members applying for registration, as also by other co-operators and co-operative institutions, amongst whom may be mentioned Rao Saheb G. D. Mehta, Mr. N. R. Mehta, Mr. K. J. Dubash, Mr. B. V. Jadhav, the late Mr. Motibhai Amin, the Surat People's Co-operative Bank, the Surat District Co-operative Bank, and the Pustakalay Sahakari Mandal of Baroda.

The management of the society was vested in a Board of Directors consisting of representatives of original members, debenture-holders, a nominee of the Bombay Provincial Co-operative Institute, the Registrar of Co-operative Societies, and Directors elected by the Policyholders. Diwan Bahadur H. L. Kaji was the first Chairman of the Board and continued as such for a number of years. Mr. K. C. Desai worked as the Honorary Secretary of the society in the initial stages.

The first policy to be issued by the Bombay Co-operative Insurance Society was on the life of Diwan Bahadur H. L. Kaji on the 1st December 1930 for Rs. 500.

The Directors voluntarily had foregone their fees for a number of years. The society was thus very fortunate in being able to have the honorary services of the leading co-operators of the Bombay Province for a number of years from its inception.

The society developed very rapidly under the fostering care of the founders and the consistent and continued encouragement given by the Co-operative Department of the Government of Bombay. During its short career of 15 years, it has laid very solid foundations, as will be seen from the table below :

Year.	No. of mem- bers.	Premium Income.		Life Fund.		Total Assets.	
		Rs.	A. P.	Rs.	A. P.	Rs.	A. P.
31- 8-33 ...	661	24,615-	14- 6	14,688-	6- 2	48,956-	12-11
30- 6-36 ...	3,876	1,57,761-	4- 6	1,31,638-	4- 3	1,82,741-	12- 8
31-12-40 ...	10,484	5,62,862-	0- 0	8,89,552-	0- 0	10,12,514-	9- 0
31-12-42 ...	11,696	7,28,486-	14- 9	16,28,352-	10-10	18,22,275-	2- 7
31-12-45 ...	16,889	11,97,091-	4- 5	37,18,688-	14- 5	40,08,820-	0- 9

Amongst the special schemes offered by the society is non-medical assurance for policies upto Rs. 900. Further, it gives a special rebate of 7½ per cent in the premia in the case of members of duly registered

co-operative societies. It is thus trying to carry the message of Life Assurance to persons who can afford only a small policy, as it issues policies for sums as low as Rs. 200.

There are three other co-operative insurance societies operating in the Province of Bombay, namely, the Bombay Postal Employees' Co-operative Insurance Fund, the B. B. & C. I. Railway Co-operative Mutual Death Benefit & Endowment Society for Indian Staff, Ltd., and the Baroda Co-operative Insurance Society, Ltd. As their very names suggest, the first two Societies restrict the scope of their activities to employees of particular departments, while all the three carry on the business of Life Insurance only.

1. **The Bombay Postal Employees' Co-operative Insurance Fund.** This Fund was established as early as in 1926 as a Mutual Benefit Fund. It was reorganised in 1936 into a full-fledged co-operative insurance society, its membership being open not only to all Post Office officials but also to all employees of the Telegraphs Department in the Bombay Circle. The fund is managed by a committee consisting of the Postmaster-General, Bombay as Chairman, the Presidency Postmaster, Bombay as Vice-Chairman, and eight other members who are elected annually at the general meeting. Of these eight, three are from the officers' grade and five from other grades. All committee members render honorary service. There is no medical examination. An idea of the beneficial activities for the members of the Posts & Telegraphs Department which the Fund is carrying on can be had from the fact that as on 31-12-1945, its total funds exceeded Rs. 8,15,000, its premium income was over Rs. 80,000, and the total business in force on its books was over Rs. 22,88,000.

2. **The B. B. and C. I. Railway Co-operative Mutual Death Benefit and Endowment Society for Indian Staff, Ltd.** This was established at Ajmer in the year 1922. The original bye-laws provided for insurance on dividing principle on the following terms:

(i) On the death of a member, the surviving members should pay Rs. 2 each, which sum would be utilised towards payment of benefit to the nominee of the deceased member.

(ii) The amount of benefit payable to the nominee of the member would amount to twice the membership or Rs. 1,000, whichever was less.

In the year 1926, the Office of the Society was transferred from Ajmer to Bombay, and the organisation was placed under the direction of an influential Board of Management composed of members elected from all departments of the Railway, under the Presidentship of Mr. H. P. Ball, General Traffic Manager, B. B. and C. I. Railway. It was in the year 1930 that the question of registering the Fund as a Co-operative Insurance Society under the Bombay Co-operative Societies Act, (Act VII of 1925),

was considered and the Fund was registered under the said Act in the course of that year.

The Society has been progressing very rapidly. As on 31-12-1945, the total number of Policies issued was 3,520, assuring Rs. 33,09,952. The total premium income amounted to over Rs. 86,000 and the Life Assurance Fund was well over Rs. 12,86,000.

The membership of the Society is open to all members of the staff of the B. B. and C. I. Railway who are 45 years of age and under and who are members of the Provident Fund of the B. B. and C. I. Railway.

As far as I know, there is only one Co-operative Insurance Society transacting business other than Life. It is the Ratnagiri Co-operative Motors Insurance Association. It was established in the year 1931 with its Head Office at Upper Lane, Ratnagiri. It is transacting motor business only.

The question of extending the principle of Co-operation to other forms of Insurance such as Marine, Fire, Motor, etc. has been engaging the attention of the Co-operators in the Presidency. At the 18th Bombay Provincial Co-operative Conference held in November 1944, a Committee was appointed to investigate into the possibilities of starting a Co-operative Insurance Society transacting General Insurance business, with Mr. K. C. Desai as Chairman. The Committee submitted its Report to the Bombay Provincial Co-operative Institute on the 19th July 1945. It is understood that the Committee of the Institute is taking steps to have such a Society registered at an early date.

In this connection, it may not be out of place to mention that in the Report of the Co-operative Planning Committee, appointed by the Government of India as a result of the recommendations of the Fourteenth Registrars' Conference, the Committee has also advocated the organising of a Fire and General Insurance Society on co-operative lines, on page 149 of the Report. It has, of course, suggested the organisation of such a Society on an All-India basis, with representatives of different Provinces and different interests being adequately reflected on the Board of Management. There is also a move to have such a Society started under the auspices of the existing Co-operative Insurance Societies through the good offices of the All-India Co-operative Insurance Societies' Association which came into being in December 1945, with Mr. Madhavlal M. Bhatt, J. P., President of the Bombay Co-operative Insurance Society Ltd., as its first President.

I am confident that, given a helping hand by sister Co-operative Societies and proper encouragement and guidance by the Co-operative Department, the day is not distant when Co-operative Insurance Societies will not only hold their own in competition with Joint Stock Insurance Companies in all branches of Insurance business, but will be able to render cheaper, more efficient, friendly and courteous service to the people who need insurance cover the most.

CO-OPERATIVE LIFE INSURANCE IN BARODA STATE

BY

P. K. BHATT,

Manager, The Baroda Co-operative Insurance Society, Ltd.

Till 1938 when the Baroda Co-operative Insurance Society, Ltd., was established, Baroda State had not only extended its co-operative activities in almost all branches of life and had achieved great success therein, but certain fields unexplored in British India had been tackled with success in Baroda State. In 1937 the Government of Baroda, with a view to extend its co-operative operations in the field of insurance, had appointed a committee of prominent co-operators to devise a scheme for the working of a co-operative insurance society in the State. The committee after a careful study of the subject and a thoughtful consideration of all the essential factors had submitted its report to the Government. On the lines of this report the Baroda Co-operative Insurance Society, Ltd., was promoted in 1938 by prominent co-operators.

The Society was registered with an authorized share capital of Rs. 2,50,000 divided into 10,000 shares of Rs. 25 each, and the shares were sold to other co-operative societies, but with the coming into force of the new Insurance Act of 1938 the shares were withdrawn and Rs. 30,000 only are raised by debentures for initial deposit under the Act. The debentures are redeemable after 20 years and most of them are held by the co-operative banks and societies in the State.

The Society is working under direct supervision and audit of the department of co-operation of H. H.'s. Government of Baroda, and the Registrar of Co-operative Societies represents the department on the Board of Directors.

H. H.'s. Government of Baroda has been pleased to recommend co-operative societies in the State to persuade their members to insure with the society, and to allow these societies (1) to accept from their members as security against loan the society's policy of insurance, (2) to work as the society's agents, and (3) to pay premium of their members' insurances with the society from their compulsory savings.

The Department of Co-operation of H. H.'s. Government of Baroda is rendering great help to the Society in its propaganda work.

The Society's only object is to inculcate the habit of thrift among its members (especially the farmer and labour classes of people to whom advantages of life insurance are not yet well-known) and to enable them to make proper provision for their future and for their dependants in the

event of their death, and with only that in view its expense ratio is restricted to a maximum of 90 per cent and 15 per cent of the first and renewal premiums respectively, which is lower than that of many other old and well-established life offices in India, and it is due to this low expense ratio principle of the society that even in the present times when interest yield on investments has decreased much more than the expected rate, its first valuation has disclosed surplus.

The Society has, by issuing policies for the lowest sum of Rs. 100 only, brought life insurance within the means of even the poorest. The maximum limit of a policy is Rs. 5,000.

As on 31-12-45 it had on its books a total business in force amounting to Rs. 6,68,833 under 873 policies, its premium income during the year being Rs. 37,484.

A number of co-operative societies in the State have already introduced the society's scheme of insurance for the benefit of their members and it is hoped many more will also do so in near future. In addition to this the Federation of Baroda State Mills and Industries has recommended to its members to introduce the society's scheme of insurance for the benefit of their workers, and this has already been put into practice by the group of mills and industries managed by Raj Ratna Sheth Zaverchand Laxmichand family, a leading business magnate in the State.

Life insurance is itself based on the principle of co-operation and there can be no doubt about such an institution working on co-operative lines proving of best service to the people.

ALL-INDIA CO-OPERATIVE DAY

We have received reports from all over the country about the celebration of the Co-operative Day on Saturday, the 2nd November 1946. For exigencies of space we have not been able to publish any of those reports in these pages.

—Editor.

**THE HYDERABAD CO-OPERATIVE INSURANCE
SOCIETY, LTD., HYDERABAD, DN.**

By

MADHAVA RAO, ANVARI,
General Manager.

The Hyderabad Co-operative Insurance Society, Ltd., was established in the year 1935 under the inspiration of the then Registrar, Mr. Fazalullah, H. C. S. (now Nawab Fazal Nawaz Jung Bahadur). It was a red letter day for the Insurance movement in the premier State of Hyderabad in two ways. Firstly, the Society was the first Insurance concern in the Dominions to take up Life Insurance work for public and, secondly, it was (and still is) the only concern of its kind. The first President of the Society was Nawab Liakat Jung Bahadur, the then Finance Member. The Society has the following special features.

The Society is registered under the Hyderabad Co-operative Societies Act of 1923 F, and follows all the provisions of the Act and of the By-laws framed thereunder. It is quite distinct from the Insurance Companies registered under the Joint Stock Companies Act. Although there is no Insurance Act in Hyderabad, the Society follows almost all the provisions laid down in the Insurance Act of Government of India for mutual and Co-operative concerns. The following may be enumerated as special co-operative features of the Society.

There is no share capital in the Society now. The share capital taken in the beginning from the individuals (subject to a maximum of Rs. 1,000) and from the Co-operative Societies has been refunded. Even when the share capital existed the Society never declared a dividend of more than 4 per cent per annum. This share capital was refunded at par without any bonus or premium. It will thus be seen that the Society has not benefited in any way to any individual or Society shareholders.

The management of the Society is vested in the Board consisting of 11 Directors of whom 4 are elected from amongst the policy-holders, 2 from amongst the Co-operative Societies, who have been retained as members, one from the Co-operative Dominion Bank, one from the Co-operative Union, the Registrar, Co-operative Societies, one from the Promoters, and one co-opted by the Directors. It will be seen that the policy-holders have an adequate voice in the management of the Society by a representation of 4 Directors. Then there are 4 Directors from the Co-operative movement besides the Registrar of Co-operative Societies. Thus the management is run solely on co-operative lines.

All policy-holders are members of the Society, and benefit equally from the proceeds of the Society, by participating in bonus and other facilities.

The Society issues policies ranging from Rs. 100 to Rs. 25,000 thus catering to the needs of low and middle classes. The average amount of the policies issued so far by the Society is Rs. 1,250.

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The Society retains a risk of only up to Rs. 15,000 and has entered into re-assurance arrangements with the Bombay Co-operative Society for the remaining risk up to Rs. 10,000 on larger policies.

The Society has promulgated special schemes of compulsory insurance for low-paid employees like the Municipal employees and factory labour, etc.

The Society is run on most economic lines. Its expense ratio is almost the lowest in India. Before the War its renewal expense ratio was zero, which was considered by our Actuary as phenomenal. As a result of the grant of dearness allowances and rise in general level of prices the renewal expense ratio is now 10.8 per cent which also compares favourably not only with other Insurance Companies run on joint stock basis but also with other insurance concerns in India run on co-operative principles.

The premium rates of the Society are also almost the lowest in India.

Being run on co-operative lines purely for the benefit of the policy-holders, the Society offers special concessions regarding surrender value, revival of lapsed policies, automatic non-forfeiture privilege, physical disability benefit, etc.

As per By-laws of the Society it is obligatory to transfer at least 25 per cent of the First year premia and 85 per cent of the renewals to the Life Assurance Fund every year, which has been an unique feature. The Government of India is now contemplating to introduce these compulsory transfers to the Life Fund by amending the 1938 Insurance Act. The Society has been transferring more than the percentages shown above, from its inception, to its Life Fund. Thus the Society has anticipated this provision.

The Society has undergone 3 triennial Valuations during the period from its inception. It has declared bonus in the 3 Valuations. The rates of bonus are given below.

First Valuation :—Rs. 12 for Endowment and Rs. 15 for Whole Life per thousand per year.

Second Valuation :—Rs. 10 for Endowment and Rs. 12½ for Whole Life per thousand per year.

Third Valuation :—Rs. 5 for Endowment and Rs. 6 for Whole Life per thousand per year.

The total business in force is Rs. 1.90 crores. The Life Fund of the Society as on 7th July 1946 is approximately Rs. 28 Lakhs. Mr. L. N. Gupta, H. C. S., Joint Financial Secretary to H. E. H. the Nizam's Government, is the Hon. Secretary from its inception and Raja Pannalaji Pitti, a well-known Banker, is its President.

The Society has been so far doing business only in the Dominions of H. E. H. the Nizam; but it has been now decided to extend its operations to British Indian provinces.

RURAL DEBT IN MADRAS

By

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The latest report on rural credit situation in Madras* is that of Dr. B. V. Narayanaswami Naidu, who had been appointed by the Government of Madras two years ago, to investigate and report on (i) the extent of reduction of rural debt as a result of the recent rise in prices of produce, and (ii) the extent of the remaining debt. The investigation was done for ten months by a set of trained investigators on the random sampling method in 160 villages in the Province (out of a total of 86,000 villages, i.e., 1 in 225 villages) and of 8,500 rural families (out of a probable total of 85 million families, i.e., 1 in 1,000 families). The families were divided into five strata: big, medium and small landholders, tenants and labourers. One-fifth of the number of families in each strata were chosen for enquiry. The landholders were classified on the basis of the extent of land held by each, irrespective of the value of their holdings or their assessment. Those who had 25 acres and more were termed big, those with 5 to 25 acres were termed medium holders, and those with less than 5 acres were deemed small.

We are not sure whether correct data could ever be collected on a subject like debt, on which concealment is so easy and natural and so hard to detect—especially on unsecured debts. But, taking the figures of investigators for what they are worth, we find that the big landholders have as a class paid off 40 per cent of the debt that they had in 1939. The medium holders have paid off 25 per cent of their debts; the small holders could pay off only 12 per cent of their debts. On the other hand, tenants have had their debts increased by 4 per cent and the landless labourers by 45 per cent, comparing debts of 1945 with those of 1939. The total amount of rural debt has fallen only by 20 per cent though the real burden of debt should be much lighter because of the inflation.

Only the big landholders were able to liquidate their debts by the sale of surplus produce. The medium and small holders have not been able to save much, and if they also paid off their debts in part or whole, it was due to the sale of bits of land, some of them perhaps inconveniently situated. This is proved by figures of sales of land by these two classes. This was indeed a wise course, which was not adopted in the boom after the World War I.

*Report of the Economist for Enquiry into Rural Indebtedness in Madras Presidency, 1946. The Superintendent, Government Press, Madras; 1946—As. 12.

Transactions of co-operative societies and banks reveal a striking reduction in the total outstandings of principal and interest and even more of overdues. Deposits are flowing into even village societies from members and non-members; and urban and central banks are shutting out deposits even at low rates of interest for want of outlets. In the land mortgage banks, repayments have been made since 1948 far in advance of due dates, much to the embarrassment of the banks having long-term commitments. But it is only in some cases such payments have been made from out of savings of the borrowers. In several others, it is by the sale of land or re-hypothecation of land to private money-lenders who are ready to lend larger amount on the same land.

Dr. Naidu thinks that this satisfactory state of affairs is not typical but is confined to co-operative institutions, whose members are "a superior class of solvent debtors whose solvency has been sifted and assayed by the authorities of the Co-operative Department". We fail to see what the Department has to do with the admission of members, except framing rules and model by-laws, which are indifferently followed except by the land mortgage banks.

While Dr. Naidu has rendered a real service in setting out the extent of the reduction of rural debt of which there were extravagant estimates, he has travelled far beyond the terms of reference to him in his recommendations, which cover a much wider field, including land tenures. So far as the improvement of rural credit is concerned, his proposals are fantastic and are alien to the spirit and tradition of Co-operation. He would have in each village credit society two sections, one to consist of borrowers run on old voluntary lines, and the other to consist of local money-lenders who should be compelled to come in with their funds but allowed to negotiate with borrowing members individually, to whom, however, they may lend only with the permission of the society, which should satisfy itself that the terms offered to borrowers are the easiest available from money-lending members, after giving due publicity of the terms offered.

We have heard for some time of the paradox of compulsory co-operation; but this is a strange variety of compulsion extending to investors and not confined to borrowers. Lest the local investors should strike, and divert their funds to industrial enterprises or purchase of land not for cultivation but for leasing out, further prohibitions are recommended; statutory ceiling of industrial dividends to 4½ per cent and restriction of purchase of land to owner-cultivators. If money-lenders should still keep off out of mere cussedness, or if the helpless borrowers should collude with lenders and agree to pay more in private, that could be effectively dealt with only by getting a large volume of credit by a provision making agricultural paper negotiable and rediscountable by the District Central Banks, the Provincial Bank, and, if necessary, by the Reserve Bank of India. This premises the building of a series of godowns at different stages, for which

of course, Government aid is recommended; and Government too is urged to build godowns at market centres.

In any case, it is urged that private money-lending should be tabooed, and all rural credit should be institutionalised. With this as an ideal we may agree, though not realisable at once. But why permit any bargaining between money-lenders and borrowers, as though they were on equal terms and register it as a co-operative transaction? It seems to us that it is not necessary to ban all private lending; but let no lending to agriculturists be permitted below Rs. 2,000 or any such figure. The richer persons wanting more can take care of themselves. The co-operative societies will, in our view, be able to meet all the reasonable needs of credit of smaller agriculturists. It is certainly not lack of funds, as Dr. Naidu thinks, that impedes the expansion of credit transactions of co-operative societies. Many of the District Central Banks of Madras are bursting with funds, so to say, and they are only sorry that, after the recent rise in prices, the demand for loans has gone down in the villages and but for the development of rural stores there would be more idle funds. Almost all the Central Banks are taking deposits at 2 and 2½ per cent. If they offer half per cent more, they would get any quantity of funds. There would be enough margin for Central Banks and primaries to enable them to lend to ultimate borrowers at 5 per cent which is by no means an usurious rate for short term.

Dr. Naidu recommends a thorough overhauling of the system of long-term credit in vogue. Takkavi loans granted by Government are, as he says, of little significance. Even co-operative land mortgage banks, recognised to be the best of their kind in India, are in his view inefficient and inadequate and slow-moving. He thinks they cannot command any credit without Government guarantee of debentures. He is impatient at their inordinate delay in grant of loans, and seriously suggests handing them over to Government to be run by the Co-operative Department, helped by Official Valuers, as in Malaya, who would get information quickly from the Revenue, Registration and other departments on the assets and encumbrances of members wishing to borrow. But can any one be sure that with such officialisation, the history of the Takkavi loans will not repeat itself? Cannot the land mortgage banks, given the same help in respect of knowledge of encumbrances and compulsion of creditors to furnish accounts, do better? The Government is exhorted to float an "Agricultural Prosperity Loan" at 2½ per cent and grant loans to big and medium holders *free of interest* and recover them in 20 years. It is not clear why such easy loans should be given to people who can take care of themselves, at the expense of the general tax-payer. What the Royal Commission on Agriculture said 20 years ago still seems to hold good. "What is lacking is not so much capital for land improvements as ideas for utilising it for productive purposes".

Another "crying need", according to Dr. Naidu, is the wiping out of all unproductive debt, so that agriculturists can begin on a clean slate. This craze for a clean slate, which seems to be shared by some planners outside Madras too, is the cause of frequent interference with the credit structure, which has led to all sorts of evasions of law. Simple rural insolvency procedure is allright for the hopelessly indebted, as the Agricultural Commission first recommended. But there is no need for drastic action suggested for others. Usufructuary mortgages may, in future, be made terminable after 15 or 20 years. But how can the existing ones be so terminated without a confiscatory measure? As regards other debtors too, it is urged that their lands should be sold off at existing market rates to creditors who, if they do not want them, should be obliged to take bonds issued at 8 per cent and made transferable but not redeemable. The employment of those whose lands are to be sold away would be a big problem. Fixation of the maximum rate of interest for agriculturists at 3 per cent is another recommendation, which it is hard to enforce. Sound and unhindered development of co-operative credit would go a great way to reduce the rate of interest in rural areas, as it has done in the past. The indirect and moral effects of Co-operation are no less noteworthy than its direct and material benefits.

RURAL INDEBTEDNESS IN MADRAS

Report of the Economist, Rao Bahadur Dr. B. V. Narayanaswami Naidu.

(i) SUMMARY OF CONCLUSIONS.

1. Comparing the debt per capita in 1939 and in 1945 that of
 - (i) Big landholders fell from Rs. 188.5 to Rs. 115.3 (i.e., by 39.9%)
 - (ii) Medium landholders fell from Rs. 78.8 to Rs. 59.4 (... 24.6%)
 - (iii) Small landholders fell from Rs. 42.8 to Rs. 31.6 (... 12.3%)
 - (iv) Tenants rose from Rs. 20.5 to Rs. 21.8 (... 4.1%)
 - (v) Labourers from Rs. 5.7 to Rs. 3.3 (... 45.6%)
- (i) Owning more than 25 acres each; (ii) Owning between 5 and 20 acres each
(iii) Owning less than 5 acres each.)
2. The total debt of the Presidency has been estimated at Rs. 271,91,64,000 for 1939 and Rs. 217,71,15,000 for 1945. Debt per family Rs. 318.8 for 1939 and Rs. 265.5 for 1945. Debt per capita Rs. 5.1 for 1939 and Rs. 40.3 for 1945.
3. The debt per acre of occupied area was Rs. 66.6 in 1939, while that in 1945 came down to Rs. 53.8.
4. The debt per acre of assessment was Rs. 28.2 in 1939 while that in 1945 came down to Rs. 23.8.
5. The Debt Conciliation Boards did little to reduce debts—only Rs. 45 lakhs, which was 1/500 of the total debt. The Madras Agriculturists' Relief Act of 1938 in 7½ years scaled down debts by Rs. 5 crores (out of Rs. 10 crores brought before Courts). Debts settled out of Court should have been rare.
6. The sale of land by different classes of agriculturists for liquidating debts between 1939 and 1945 was more among the medium and small holders (42 per cent of total sales (act class) than among the big landholders (12.3 per cent of total sales of land).

7. Some big landholders have indeed purchased lands and on that account borrowed a little.

8. Liquidation of debt by surplus income is inconsiderable except in the case of big landholders. At the most Rs. 25 crores might have been cleared off this way.

9. Co-operative societies and banks have registered a definite improvement in recoveries of dues and overdues, advance repayments of loans, receipt of deposits from members and non-members. There was for some time a fall in the loans issued by societies. But now there is a wave of borrowing due to higher costs of cultivation.

10. This satisfactory state of affairs is not, however, typical; for members of co-operative societies are "a superior class of solvent debtors whose solvency has been sifted and assayed by the authorities of the Co-operative Department".

11. Grant of Takavi loans by the Government is of little significance. The amount disbursed is very small. Difficulties in getting loans are very great. There is a lot of red tapism.

12. In Co-operative Land Mortgage Banks too, there is 'infinite delay' in the grant of loans due to elaborate enquiries, and there is too much of vexatious enquiry and publicity which the would-be borrowers dislike. The rate of interest also is high. The long-term credit structure requires a thorough overhauling.

(ii) SUMMARY OF RECOMMENDATIONS.

(1) *Creation of economic holdings.*—Subdivision and fragmentations of holdings is the worst defect of agriculture in this as in the other provinces of India. Consolidation is the direct remedy and this has to be effected through Government interference. Two pieces of legislation are recommended. Co-operative consolidation societies in each village or group of villages with compulsory membership of all landholders must take up the work of consolidation on the approval of more than 50 per cent of the members or that number of members owning more than 50 per cent of the occupied lands in the villages. A time limit may be set for this work and remission of half the land-tax for one year may be offered as an incentive for consolidation effected within a year. Further splitting up of land beyond a specific acreage has to be prohibited by means of another legislative enactment. The creation of economic holdings should be undertaken simultaneously with consolidation work. The size of economic holdings in each area should be defined on the advice of special Zone Officers working under the Provincial Rural Development Board, and the duty of creating the holdings, should devolve upon the co-operative consolidation societies. The small landowners who are deprived of their land may be partly "transplanted" to the Project areas or absorbed in cottage industries which should be started as part of the Post-war Reconstruction Programme.

(2) *Reform of the tenancy system.*—The present tenancy system requires thorough revision. The permanent settlement should be abolished and the Zamindars may be compensated by means of bonds bearing 3 per cent interest and equivalent in amount to the value of the estates to be resumed. By declaring those bonds non-transferable but heritable, a fall in prices of other Government stocks can be avoided and the zamindari class will be saved from disintegration. The estates should be converted into ryoti lands and the revenue collection from these minus the peshkash payable by the zamindar will constitute a net addition to Government revenue. The entire profit from this source after reduction is made for the payment of 3 per cent interest on the bonds may be accumulated in a sinking fund, and set apart for the redemption of the bonds.

With regard to the ryotwari lands, a less radical method is recommended. Letting out of lands may be made unattractive by statutorily fixing the share of the tenants at a high level and subjecting lands let out on lease to a surtax.

(3) *Improvement of agricultural labour conditions.*—The standard of life of the agricultural labourer has risen slightly during recent times and satisfactory measures have to

be adopted to maintain if not improve this standard. Wages stabilization is the most important and necessary reform. Stability should mean only avoidance of violent fluctuations and the rates of wages in relation to prices should be fixed at such a level as to afford chance for the labourers to raise their standard of living. Thus, if prices are stabilized at two times the pre-war level, wages must be stabilized at $2\frac{1}{2}$ times that of the pre-war average. For this purpose, a minimum wage Act should be passed.

(4) *Improvement of capital equipment.*—The capital equipment of the agricultural labourer has to be increased and improved. Subsidies for effecting agricultural improvements and for the purchase of capital equipment may be extended to all the districts. In order to encourage the agriculturists to market their goods after some processing; Government should undertake to sell small machinery such as hand-mills, oil-presses, etc., at subsidized prices or "on hire-purchase system" the full payment being spread over 10 to 12 years.

(5) *Crop and cattle insurance.*—Facilities should be provided for the agriculturists to insure themselves against losses due to natural calamities such as drought, cyclone, flood, or cattle disease. The present Famine Relief Fund does not go the whole way to meet the need. A Crop Insurance Scheme should be adopted on the lines of the Federal Crop Insurance in the United States of America. A beginning may be made with rice and other major cereals and crop insurance premium of one anna per acre of land under these crops may be collected along with land revenue in all the districts except the dry areas where a higher rate may be charged. This will bring in about Rs. 20 lakhs which may be distributed in the affected areas according as the crop failure is partial or complete. An alternative method is a scheme on 'kind' basis under which premium may be collected in grain and stored in Government taluk and district granaries. Crop insurance has however to be supplemented by a vast development of irrigational facilities of a protective nature.

A similar insurance scheme against losses of cattle has also to be adopted. The Veterinary department should be in charge of this work. In the early stages, insurance may be limited to bovine cattle. Side by side with this, vigorous attempts should be made to combat cattle diseases and improve the breed of cattle.

The insurance scheme to be successful, must be made compulsory and be worked only by Government. Detailed statistical information regarding agricultural production and the condition of cattle can be obtained by the Government through the District Agricultural Officers and the Veterinary department.

(6) *Provision of credit.*—Under a sound system of rural finance, there should be ample facilities for short-term, medium-term and long-term credit and for the smooth working of the machinery, effective co-ordination among the various agencies supplying credit is essential.

(a) *Short and medium-term credit.*—The distinction between short-term and medium-term credit must be made clear and definite. Short-term loans should be granted only for productive agricultural operations and be made repayable within nine or twelve months. Medium-term loans may be repaid in monthly instalments spread over five years. The function of providing this type of credit should be entrusted to the co-operative societies and not to the Land Mortgage Banks which should specialise in long-term credit. It should be made obligatory for all money-lenders to become members of the local co-operative societies, and money lending directly, without the intervention of the co-operative society should be strictly forbidden by law. As a transitional measure, each co-operative society should be divided into two sections—one dealing with credit transactions in the old way, and the other serving as a registering agent for the prospective borrower and lender who may negotiate for themselves before the application for loan is submitted to the society. This method obviates the delay of red tapism and ensures the free inflow of private capital. All alternative lines of investments should be closed to the money-lender by declaring credit documents not transacted through co-operative societies invalid. If there is no lack of

credit supply, the chances of the money-lenders having recourse to evasive tactics will be greatly minimised. After a time, the money-lenders will find it advantageous to become full members of the co-operative societies and the two branches may be merged.

By reducing the rate of industrial dividends and interest on the deposits in banks, village money-lenders can be induced to lend to agriculturists through co-operative societies. Any non-co-operating attitude on the part of the money-lenders can be defeated by increasing the volume of funds available to credit institutions. This can be achieved by issuing agricultural paper on the security of the produce stored by the ryots in the granaries of the society. The paper should be made negotiable and rediscountable by the Provincial Co-operative Bank and the Reserve Bank. While there should not be too much rigidity in the agricultural credit system, it is necessary that it must be worked on sound banking principles.

(b) *Long-term credit.*—Long-term loans are to be granted for permanent improvements of land and repayment of chronic and unproductive debts. At present, there is no co-ordination among the three agencies of credit—the Land Mortgage Bank, the Co-operative Societies and the money lender—in the matter of provision of long-term credit. Vexatious enquiries, delay, high rates of interest, and limited capacity to provide loans are the main defects of the co-operative societies. These defects have to be eliminated and the three agencies should be brought under unified control. Private and unregulated money-lending should be prohibited by law. Loans for permanent improvements to land will be required mostly by the first and second class of land owners and their total demand may be estimated at about Rs. 100 crores. For the first 5 or 7 years about 15 crores will be required annually and for the subsequent period about 4 crores. Funds for this can be obtained by (1) floating by the Provincial Government of an "Agricultural Prosperity Loan" of Rs. 15 crores at 2½ per cent per annum redeemable at the end of 20 years; (2) utilization of about Rs. 20 crores from the Provincial Reserves; (3) a subvention of Rs. 50 crores from the Central Government; (4) a loan of about Rs. 15 crores at 1 per cent interest from the Reserve Bank for agricultural development. For the second period, utilization of the yield from agricultural income-tax to be levied in a progressive manner on all incomes above Rs. 3,000 is suggested.

(7) *Appointment of Official Valuers.*—Government should assume direct responsibility for granting long-term loans to agriculturists. The present land mortgage bank may be converted into Government Land Mortgage Banks administered by the Co-operative Department. The delay at present caused by the process of finding out whether the property offered as security by a borrower is encumbered or not, can be avoided to a large extent by the appointment of Official Valuers in each taluk whose duty would be to issue to prospective borrowers, certificates showing the extent, current market value and encumbrance of the property offered as security. The registration fee for mortgage deeds may be reduced. The Banks must have an outdoor inspecting staff to check whether the loans sanctioned are spent properly.

The interest of 6 per cent at present charged by the Land Mortgage Banks may be abolished. The borrowers should be required to repay the loans by annual instalments of 5 per cent of the capital in 20 years. Since Government has to borrow only 15 crores as suggested above and that at 2½ per cent, the burden on account of loss of interest will be light.

(8) *Liquidation of debt*—(a) *Insolvent debtors.* A radical and systematic attempt should be made to wipe out the unproductive debt incurred by insolvent chronic debtors. The debtors should be grouped into two classes—"Hopelessly indebted", and "Moderately indebted". In each taluk, a Rural Insolvency Court must be set up and a special taluk officer should be appointed. There should be a legislative enactment requiring all the money-lenders and debtors to furnish full particulars about their loan transactions to the Special Officer. From an analysis of this data a periodical list of insolvent debtors is to be

prepared and published. Within a month of the publication of this list the debtors must be obliged to appear before the Insolvency Court. They should be declared insolvent, and their assets except their dwelling houses may be distributed *pro rata* among the various creditors. By this means about 25 per cent of the debtors will be absorbed from debt and about 30 crores of the total debt may be wiped out.

(b) *Solvent debtors.*—Among the solvent debtors, those who have borrowed on usufructuary mortgages of their property have to be considered separately. In normal times 25 years are required for the complete clearance of any usufructuary debt, but in view of the present abnormal times, this period may be brought down to 15 years. By means of legislation all usufructuary mortgages must be required to be released after the lapse of 15 years. This will account for a reduction of the debt by about Rs. 30 crores.

As regards debtors who are neither chronic nor have borrowed on usufructuary mortgages, the following recommendation is suggested. Their creditors may be given the option of receiving either land valued at current market rate by an impartial tribunal of non-officials or bonds bearing 3 per cent interest and equal in value to the loan. These bonds should be guaranteed by the State and be made transferable but not redeemable. The 3 per cent interest payable by the State to the bond-holders may be recovered from the indebted agriculturists in instalments of 8 per cent of their debts along with land revenue.

(9) *Interest rate to be lowered.*—The rate on agricultural loans should be fixed at 8 per cent per annum.

(10) *Price stabilisation.*—The prices of agricultural commodities have to be stabilised. In fixing the limits, such factors as margin of profit for the cultivator, costs of cultivation, prices of manufactured goods, consumed by the farmers and the level of prices in the other provinces and countries have to be taken into account. The Central Government alone will be competent to bring about stabilization of prices. The objects of the scheme should be to ensure reasonable profit to the agriculturists and to steer production in the desired direction. Prices of agricultural crops may be fixed at 100 per cent, wages at 125 per cent and consumption goods at 150 per cent, above the respective pre-war levels. But there should be provision for revision of prices once in three years. Along with this, land values have to be controlled by the Government.

(11) *Modification of the land revenue system.*—A progressive income-tax should be levied on all agricultural incomes above Rs. 3,000. An exemption from land revenue collection must be granted to all ryots owning land smaller in size than economic holdings. Attempts at evasion of assessment by subdivision of holdings should be prevented by strictly prohibiting fragmentation of land. The loss of revenue on account of exemption would not be more than 2 crores.

(12) *Rural development and administrative machinery.*—Provision of irrigation works in the rural areas is an important need. The grand irrigational projects now planned and begun must be supplemented by a large number of minor irrigation works. Canals and tanks should be maintained in good repair. The present subsidy of Rs. 300, to encourage private well irrigation is not sufficient in view of the lack of materials and technical skill. It is the duty of the Government to see that there is a good supply of technical men with necessary equipments in each taluk or revenue division.

An economic and statistical department should be established under a Director. He should be helped by District Economic Officers and Taluk Economic Guides. The department is to be a permanent one.

— *Report of the Economist for Enquiry into Rural Indebtedness, Madras, 1946.*

REVIEWS

INDIA'S POST-WAR RECONSTRUCTION AND ITS INTERNATIONAL ASPECTS.—By P. S. Lokanathan (*Oxford University Press for the Indian Council of World Affairs*: pp 71; Rs. 2-8-0.)

Even though prepared under severe limitations of time and material, the book deals with the developments during the war in the various spheres of economic activity in the country in all details. A nice introduction by way of a study of the position on the eve of the war is provided which greatly helps the lay reader understand the later developments.

The effects of the war on Indian economic life are carefully analysed. The author points out the many mistakes in the economic policy of the Government and traces the reasons that led to the disaster in Bengal.

An important section is devoted to the study of the effects of inflation on the community recounting the sufferings that an ignorant people had to undergo due to a mistaken war finance system of a foreign directed Government. Most probably the author said the least against the Government when he said that never during the whole period have the Government of India ever considered in terms of what the people need. . . . Some of the mischievous arguments in favour of scaling down the sterling assets are also refuted.

Economic problems during the transition period is a subject which has received comparatively scant attention so far and we are glad that the author has discussed some of the more important problems. But we feel that the subject has not received as much attention as it deserves, even at the hands of a person who is in a position to deal with it in a proper manner.

The author discusses some of the problems of post-war reconstruction like technical training, modernisation of agriculture, the question of capital, State control, etc., and concludes with, most probably, the only international aspect of post-war reconstruction in India that industrialisation of India does not harm the industrial interests of the already industrialised countries.

We have no hesitation in pointing out that the author and the Indian Council of World Affairs deserve to be congratulated for placing such a useful book in the hands of the readers.

S. V. S. SARMA.

THE POST-WAR RUPEE.—By V. K. R. V. Rao (*Oxford University Press, for the Indian Council of World Affairs*: pp. 48: Re. 1.)

This essay on prices and exchange in India during the post-war period was originally submitted as a paper to the Pacific Relations Conference held at Hot Springs in January 1945. The paper has been considerably expanded and carefully revised and is published in its present form.

The problem of the rupee has ever been a fascinating topic for the best economic brains of our country and at this time when we are on the threshold of a new era, an important matter like this having not only far reaching consequences on the material wealth of our country but in which some national and sentimental aspects are, also involved deserves the careful study of the economists, statesmen and also the public in general. Dr. Rao's book, we are sure, gives the lay reader a clear and correct impression about our monetary problems today and tomorrow.

Dr. Rao examines in detail the case for appreciation of the value of the rupee and correctly dismisses the proposal. The case for devaluation of the rupee which has a large body of economic opinion behind it is examined very minutely and the author concludes that devaluation is undesirable from the points of view of the agriculturist, the industrialist and the salary earner, slackens the pace of post-war reconstruction and makes the present inequitable distribution of wealth permanent.

Dr. Rao points out that the rupee-sterling link is necessary in the immediate post-war period. This is a matter about which divergent views are held today and while we agree with the learned Professor we feel that the author ought to have examined the position of the link—*vis-a-vis* the I.M.F.—whether it is absolutely necessary for India to maintain the link along with its membership of the I.M.F., etc.

Assuming that the rupee-sterling link is to continue, we think that the first duty of a National Government in monetary matters is to restrict the amount of the sterling assets that can be held by the Reserve Bank of India and this is, most probably, the most important suggestion that Dr. Rao has made in this pamphlet.

The author makes important suggestions regarding the post-war price level of our country. Some defects in the constitution of the I.M.F. from the point of view of our country are also pointed out.

We hope the book will receive the careful perusal of all educated Indians which it so richly deserves.

S. V. S. SARMA.

CO-OPERATION.—By W. R. S. Sathianadhan and J. C. Ryan, (*Oxford Pamphlets on Indian Affairs—Oxford University Press*: As. 6.)

This is a very clear and concise account of the variety of co-operative societies organised, and most of them working successfully in different parts of India. It is natural that more of Madras societies the reader should find. The authors have been largely responsible for their success and they can take legitimate pride on the success achieved. But they are quite impartial in the treatment of societies in other Provinces. The account is on the

whole far more appreciative than critical. It does not deal with defects and the reforms needed. Perhaps, it is not needed for readers for whom the pamphlet is intended. It is a very good introduction for beginners.

CO-OPERATION IN CHINA AND JAPAN—By *Mahesh Chand*, (Vora & Co., Bombay, 1946: Rs. 2.)

This is a concise and lucid account of co-operative societies organised in China and Japan, where the movement was inaugurated only recently—in Japan early in this century and in China about 20 years ago. The Governments of both countries have given enormous help, directly and indirectly. In China, a great fillip has been given to the 'Induscos'—industrial co-operatives—of which the author gives a detailed account and also offers suggestions for improvement. Japan is remarkable for its readiness to change the constitution and method of working of societies—but with what success they are functioning we cannot know.

PRESSURE OF POPULATION AND ECONOMIC EFFICIENCY IN INDIA—By *D. Ghosh*. (Oxford University Press for Indian Council of World Affairs; pp. 109. Rs. 3-4.)

The population of India is large; it is becoming larger, and the rise must be halted. This is the almost unanimous conclusion to which all students of the Indian population problem have arrived. There is indeed a difference in emphasis, a variety in the arguments and a diversity in the remedies. It is these latter rather than the conclusion which characterize a scholar's work. Dr. Ghosh, while subscribing to the conclusion noted above, has followed his own line of analysis and treatment. Of the three chapters comprising the book, the first is a scholarly attempt at utilizing available vital statistics, especially the Cochin statistics, to establish a tentative net reproduction rate for India. This rate Dr. Ghosh concludes is 1.1, as against .81 for England and Wales. In his third chapter, on Future of Indian Population, Dr. Ghosh enumerates a number of circumstantial trends which in his opinion will help to reduce death-rate, especially among children and women, and raise the birth-rate. Thus a more accentuated, rather than less, rate of increase to be forecasted for the future. This is obviously true. But one fails to discern in the author's treatment of the subject sufficient mention of the tendency towards smaller families that has already made itself visible in the urban and the more educated classes. Whether this tendency is good or bad may be left to the moralist and the sociologist to decide. But there can be no doubt that with the progress of urbanization and modern industry this mode of special behaviour is bound to spread. If all that Dr. Ghosh's work is intended to lead by way of practical result is to make people population conscious we are certain that the appeal will now fall on more willing ears than was the

case some decades ago. It is the need for limitation in the industrial and urban context that has altered the situation in favour of a new way of life. These tendencies are bound to percolate from upper to lower strata of society. For the general reader the most important part of the book is in the middle chapter, that on Population and Economic Activity. Here the conclusion of the author is that our prospects of economic progress are limited not by population but by land, which is limited at least in the context of technological backwardness, capital and organization. We have hardly the background for a full-fledged Industrial Revolution. Hence while regulating population trends our endeavours ought to be concentrated on improving our technological methods and our business organization. In both these respects as also in helping people to appreciate the real nature of our economic and population problems the co-operative organization has a very important role to play.

D. G. KARVE.

FOOD CONTROL AND CATTLE RELIEF IN MYSORE—By *Dr. R. G. Kakade and K. L. N. Rao* (Servants of India Society, Royapettah, Madras, 1946; pp. 66. Rs. 2.)

In the matter of State policy regarding the production, procurement and distribution of food the second World War was responsible for a number of innovations which are destined to take a permanent root in the country. In this respect there is no difference between the policy adopted in the British Indian Provinces and the Indian States. So far as the general principles are concerned. It is in the working of details that due to the relative degree of the efficiency of the administrative machinery and the enlightened co-operation of the public differences arose between one part of the country and another. Mysore was one of the Indian States which was hit hardest by the scarcity produced by war and by the failure of harvest in 1945. It was one of the first States that took active measures to control prices, to obtain increased supplies through the help of the Government of India and to adopt a system of rationing. But in the early stages there were numerous difficulties in administering the system of procurement and rationing due in the main to want of experience on the part of the State officials. Even after experience was obtained conditions in rural areas were not so good as in urban areas. The ration sanctioned in the rural areas was much lower, and even this could not always be obtained. In the matter of procurement it was not always possible to decide how much should be left to the landlords and how much should be taken away from them. There were several complications in regard to the supply of fodder to the cattle. These and other problems with which the State was faced from 1948 onwards have been admirably surveyed in this pamphlet. The information collected in it is the result of first hand and direct observation of conditions in the State. The defects in the food administration have been pointed out and suggestions of a practical

character have been made which if adopted will make Mysore more self-sufficient in the matter of future supplies. The value of the booklet is enhanced by the inclusion of statements on food crisis by Pandit Kunzru and A. V. Thakkar and of a review of food policy by Mr. K. G. Sivaswamy. Mr. Sivaswamy is a little harsh towards the class of landlords although his colleague Mr. Kakade is of the opinion that under the procurement scheme the landholder was in a very precarious position compared with the other classes of people in the village.

M. VENKATARANGAIYA.

INDIAN STATES AND INDIA'S ECONOMIC DEVELOPMENT—By Gyanchand.
(Oxford University Press, for the Indian Council of World Affairs;
1946; pp. 30. As. 8)

In this clearly and vigorously written Pamphlet Professor Gyanchand maintains the thesis—which is now accepted by almost all schools of progressive political thought in the country—that unless India is administered as a single economic unit of which the British Indian Provinces and the Indian States become well knitted integral parts there is no possibility of the economic condition of the people being improved. There should be one planning agency and one plan for the whole country and every province and state should co-operate in the execution of the plan. But economic unity cannot be secured unless there is political unity. This implies that after the British withdraw from the country the States and the provinces should become members of a Federation and that popular Governments should be introduced into the States. Economic unity will be much more advantageous to the people of the States than to those of the provinces for at present the former are more backward in all spheres of economic life—agriculture, industry, transport, etc. Besides putting forward a powerful plea for the economic and political integration of the States and the provinces the author discusses several other issues closely connected with his main conclusion. The pamphlet is on the whole a valuable contribution to the study of the subject.

M. VENKATARANGAIYA.

CONSTRUCTION CO-OPERATIVES—By Champa Lal (Author, Ambala pp. 19.)

This is a brochure on the practical working of what in Madras, is known as Co-operative Labour Society. It is, in effect, a Co-operative Society of labourers in building construction line, which takes contracts. The book gives details of the Kangra Workers' Co-operative Society. The latter used to take non-members of the society for work in execution of the contracts but in Madras this was not done. The book is worth study by those engaged in promoting the interests of labour engaged in building works.

M. VENKATARAMAYA.

CO-OPERATIVE CONFERENCES AND MEETINGS

THE FOURTH SESSION OF THE MADRAS PROVINCIAL NON-OFFICIAL
CO-OPERATIVE EMPLOYEES' CONFERENCE, VELLORE, 30th AUGUST 1946.

Extracts from the Presidential Address by
Mr. V. Venkatachalam Pantulu, M. A., B. L.

The recent world war has vividly laid bare the tendency of human beings exploiting each other. Hoarding, profiteering and black-marketing, by a very small section of the human society have caused and are still causing a lot of misery and suffering to the vast majority of the human race. It is really a shame that an insignificant portion of the community is exploiting the rest, but out of evil cometh good and this travail has taught us that co-operative machinery alone is most suited to combat such anti-social tendencies and thus the potent forces of the co-operative ideology have been brought to light. The importance of co-operation, though brought to prominence as a wartime necessity, should not be made to wane now that the war is over, instead, all co-operative forces should be consolidated and mobilised and, with an unified purpose, we must all set about working in order that co-operative enterprise may stand supreme, above all other kinds of individual or profit-making enterprises, in the socio-economic life of the post-war world. Advantage gained during war time should be made a permanent fixture and co-operative ideology in all human enterprises should reign supreme.

The success of all enterprises and institutions depends very much on the moral worth of the persons entrusted with their management and, therefore, a very great moral responsibility rests on the shoulders of the employees of the co-operative organisations to see that all comment, viz., (1) that co-operation has not made any headway in these forty years, (2) or that co-operation is a failure and that favouritism is equally present in co-operative institutions, is avoided. Co-operative institutions being democratic in character, the employee shares responsibility for the success of the institution with the employer, and I have no doubt that none of us lacks the necessary zeal or aspiration to shoulder the responsibility and carry out our work in true co-operative spirit. However the fundamental fact that every employee, even though working in a co-operative society, has to earn his daily bread and keep his body and soul together, should not be lost sight of by those who are interested in the growth of the co-operative movement. In these difficult post-war days, while the cost of living has increased tremendously, there has not been any proportionate increase in the salaries paid to the employees of the co-operative institutions.

I feel that it will not be out of place if I make a few observations regarding the present character of the co-operative movement as a whole in India. The existing co-operative law which governs the co-operative societies does not provide environment for the healthy development of the movement which is essentially democratic in character. The ideal with which the framers of the Co-operative Societies Acts of 1904 and 1912 started viz., progressive democratisation of the movement so as to make co-operative institutions popular in the sense of their being institutions of the people, for the people and run by the people is receding. The universally accepted principle that "Government assistance should be to evoke and supplement, but on no account to provide a substitute for voluntary effort" does not appear to find favour. The Provincial Acts which replaced the All-India Act have only strengthened still more the sphere of official control over the movement and the various co-operative institutions who form an integral part of the movement. While the boards of managements of the various co-operative institutions complain that there is too much of official control, the employees of the co-operative institutions complain that departmental personnel is drafted into co-operative institutions to the detriment of the non-official employees in service on the plea that the existing employee in the institutions are either inefficient, dishonest, disloyal or unsuited to the growing trend of business activities of the institutions. The result is that the claims of employees who have been working in the institution for a long time are overlooked and departmental men

are drafted on at a higher cost not caring either for the interests of the employees or that of the institutions. The remedy seems to be worse than the disease. If the existing employees in the institutions are found to lack the necessary training and equipment proper training should be given and they should be paid adequately and their services retained but the remedy is not to draft departmental people in their places. The non-official employee can be expected to serve the institution with more zeal and interest than a departmental officer, who always feels that he is superior to the post and is eager to go away on promotion to some other post. There are numerous instances of departmental men put in charge of co-operative stores, being transferred from the posts, when they have almost mastered the details of the trade, and other men absolutely new to the line are posted in their places, who in turn are transferred likewise; thus the institution becomes a training ground, but it loses a loss. We can never uphold the statement that a departmental employee is more honest, more efficient and more painstaking and of greater business acumen than a non-official employee of a co-operative society. Business acumen, let me say, is not the close preserve of the departmental employee. Among non-official employees also you find a number of persons with such a gift. We have no doubt whatsoever that the non-official employee is equally efficient, honest, and diligent and, if afforded equal opportunities and facilities in service and treated as handsomely as a departmental employee, with regard to pay and allowances, etc., will prove in no way inferior to a departmental employee. Let the boards of management reflect for a moment, that when either by compulsion or voluntarily, they are prepared to pay a high price for the services of a departmental employee, whose pay includes all kinds of extras like average pay, foreign service pay, leave pay, etc., which make the basic pay practically double, why they should put forth all theories of economy when the question of payment of an adequate wage to a non-official employee of the same cadre comes up. I may assure them that if adequate pay is offered they can get the services of equally efficient non-officials. It is high time for the department to devise means to safeguard the interest of the non-official employees and not to view them with indifference and disfavour. The managements of the co-operative institutions should be persuaded to give all possible encouragement to the members of their establishment by paying them handsomely, keeping them contented and above temptation, and the claims of experienced and efficient employees should not be overlooked, for the simple reason that they do not possess the requisite academic or technical qualifications, when chances for promotions occur.

In addition to providing a basic wage to the employee of a co-operative society, it is also necessary to inspire a sense of security regarding the tenure of his service. The service of no employee should be terminated except on proof of gross negligence, dereliction of duty or misconduct. The employees should, under no circumstances, be encouraged or induced to take part in the elections of office-bearers of societies, and exposing themselves to the dangers of party politics and the consequent risks of losing their jobs. Whatever may be the result of elections and whatsoever may be the composition of the board of management, the employees should be kept aloof, and their services should be unaffected. It is largely for the employees themselves to safeguard their own interests and they should be not only judicious but also courageous enough to avoid partaking in elections and doubtless their services will then be quite secure.

Year after year a number of young men get themselves trained in co-operative institutes and it is necessary that a complete list of such trained young men with their addresses is maintained both at the office of the Madras Provincial Co-operative Union and the office of the Provincial Non-official Co-operative Employees' Association. The trained young men, who have not yet secured employment, should be in constant touch with these two organisations who can, in their turn, function as employment exchanges. All co-operative institutions, whenever they employ additional staff, should make it a rule to employ only qualified men and they should contact either the P. C. U. or the Provincial Non-official Co-operative Employees' Association for recommending the names of suitable candidates and selection can be made therefrom.

The following resolutions among others were passed at the Conference:—

1. "This conference finds that in many institutions separate posts like Managers, Accountants, head clerk, etc., are not created with grades specified for each post. All employees, barring the Secretary, who, thanks to the departmental dictation, would be a departmental man, are started on low scales of salary and the work which should naturally pertain to a Head Clerk, accountant, or Manager is got done by those clerks without giving extra remuneration. This conference urges that in all stores, banks and societies, whose working capital exceeds a lakh of rupees, the posts of Manager, accountant, head-clerk should be created with specific grades of salary.

"Further whenever a short vacancy occurs in any of the above posts by leave, the employees who act in such posts should be granted an allowance which should not be below one-fourth of the minimum salary of the higher post."

2. "This conference expresses its surprise at the attitude of many employers who are adopting an attitude of antagonism and vengeance against employees who take part in the activities of the association, which is primarily intended to better their lot. This conference calls upon such employers to have a better regard for the principles of co-operation and see that they are observed in practice. Co-operation essentially stands for the association of persons with common economic demands for the general amelioration of their conditions. It is therefore unco-operative for these so-called "Co-operators" to assume an unhelpful attitude towards this activity. The conference therefore urges that:—

(1) The buildings of co-operative institutions should be given for the purpose of holding meeting of employees; and,

(2) leave should be given to enable employees to attend Conferences or General Body meetings of employees; "

3. "This conference requests that all employees should be given:—

(1) dearness allowance at Government rates as from 1st July 1946;

(2) house rent allowance at the rate 15 per cent of the salary subject to a minimum of Rs. 15 to such of the employees of urban areas as do not own a house. Central Banks, Urban Banks and wholesale stores should construct houses for housing their employees;

(3) malarial allowance at the rate of Rs. 15 per month for employees working in malarial areas;

(4) fixed travelling allowance of Rs. 25 per month, minimum four days being 20 per month;

(5) gratuity at one month's salary for every year of service, the gratuity payable not being in any way dependent on the amount of Provident Fund;

(6) payment of at least one month's salary as bonus every year. The bonus to be a charge against general funds and not against divisible profits; and

(7) payment of cycle allowance and grant of cycles to all employees who are engaged in executive work."

4. "This conference urges that 50 per cent of the vacancies in the department of all post should be reserved for being filled in by employees working in co-operative institutions."

5. "This conference considers that while the departmental employees are eligible to promotions the same is denied to non-official co-operative employees, all higher places being reserved for direct recruitment or for being filled in by departmental men. This conference considers this a case of grave injustice and urges that all higher places in co-operative institutions should be filled in by promotion from the existing staff or from employees in sister institutions irrespective of their educational qualification and age."

6. "Despite the fact that rule (u)(u) was passed long ago the model by-laws framed here-under have not been so far adopted by many co-operative institutions employing paid

staff. This conference requests the Registrar to get the model by-laws adopted by all institutions employing paid staff."

7. "The model by-law framed by the Registrar for adoption by all co-operative institutions engaging paid staff operate against the employees particularly in the following. This conference therefore urges that the following changes be made :—

- (1) Casual leave of 10 days to be altered to 15 days in a year.
- (2) Gratuity to be paid at one month's salary for every year of service irrespective of the amount at credit in provident fund.
- (3) Abolition of fines.
- (4) Providing for appeals against orders of the Board of Management of co-operative institutions pertaining to suspension, reduction, retrenchment or termination of service to a Provincial Board consisting of representatives of the Provincial Institute concerned provincial employees' associations and one person co-opted by both."

8. "This conference views with alarm the system of territorial allotment of societies among departmental inspectors which makes the non-official co-operative employees mere appendages of the departmental inspectors. This is leading to undiluted officialisation of the movement. This conference urges that this be given up."

9. "This conference urges that the employees' provident fund of all co-operative institutions should be got registered under the Provident Fund Act; that it be kept in the Madras Provincial Co-operative Bank or in National Savings Certificate.

This conference further urges that the Provident Fund Rules adopted by the Madras Provincial Co-operative Bank may be made applicable to all co-operative institutions."

10. "This conference requests the Government to take immediate steps, to provincialise the services of the non-official co-operative employees working in different institutions and group them in different cadres according to the nature of the work they are doing and prescribe their scales of salaries, promotions to higher post, etc."

11. "This conference further urges the Government the need for the formation of an agency not directly connected with management of any co-operative institution like the service commission associating the representatives of the non-official co-operative employees with the same, to enquire into and dispose of all appeals preferred by the non-official co-operative employees against

- (1) meagre salaries, retrenchment and other conditions of service; and
- (2) orders of disciplinary action taken by any institution against its employees;

The orders of such an appellate committee shall be binding against all co-operative institutions and employees."

12. "This conference requests the Government and the employers to set up joint boards of employers and employees in various districts consisting of the President of the Central Bank, one representative of the district co-operative employees' association and another co-operator agreeable to the above two. The joint board be competent to decide subject to the rules framed by the Registrar

- (1) the strength of establishment for various institutions working in the district;
- (2) to lay down the additional number of employees required to cope with the increasing burden of work;
- (3) to lay down hours of work and days of tour for various categories of employees determined on the basis of intensity of work or tour involved in each case; and
- (4) to settle points of dispute between committee men and employees in co-operative institutions."

EXTRACTS

HOW CAN THE SOCIAL INFLUENCE OF THE CO-OPERATIVE MOVEMENT BE INCREASED?

BY ANTERO RINNE (K. K. Helsinki).

It has become clear to most of the more accurate observers that even in those countries where the Co-operative Movement has become a very important factor in an economic sense, its social influence is not equal to its economic position. As a rule the economic importance of the Movement is superior to its social standing. There are some smaller centres where Co-operation is held in great esteem, but general opinion in the community at large as well as, to a great extent, even among members, is very indifferent to the Movement.

Many proofs of this attitude could be given. For instance, the press of the different countries does not pay the Co-operative Movement the attention, nor treat it with the respect that its great economic and social position deserves. Reports of Co-operative Congresses, etc., are frequently abridged not to speak of the fact that on its own initiative the press does not write about the Co-operative Movement. Many things said about Co-operation show as much opposition as they show ignorance of real facts. It should be admitted, however, that the labour press, particularly in Finland, is a notable exception. When this indifference on the part of the press is due to divergences of opinion on principles little can be done, but when, as in many instances, the indifference is due to the fact that the newspapers derive the greater part of their advertisements from the private business world improvements might be possible.

Even in Britain, the homeland of Co-operation, similar complaints can be heard. Particularly during the first world war the State treated the Co-operative Movement partially and unjustly. For instance, in the sphere of distribution the Distributive Societies were not fairly treated; their key employees were drafted into the army whilst employees of private enterprises were exempted from military service. Decisions unfavourable to the Movement were occasionally made in Parliament, and it was said that co-operative leaders had to sit, hat in hand, in the lobby of the House to plead the cause of Co-operation. When the Movement finally wearied of this position a Co-operative Party was founded.

While many members are convinced Co-operators there are many others who are not. This is shown, for instance, by the fact that in our country as well as abroad the number of members who take part in co-operative elections is very small, generally from 5—10 per cent, and at the most about 20 per cent of the whole membership. Where there are political controversies in the Movements the number of voters, particularly when important questions are concerned, may be somewhat higher, but even in such cases it is regrettably small. It may be that the members have such faith in the management that they feel it is able to function satisfactorily without the vote of the membership.

As an example of the indifference among members, when Hitler came into power in Germany they abandoned their Societies almost without a single protest, as well as the funds which they had accumulated with great effort.

The question, therefore, arises: In what way could the respect for Co-operation be increased in the community at large as well as among Co-operators themselves? In our opinion this is a vital question, for in the present unstable times a wider knowledge of Co-operation and stronger support for the Co-operative Movement is of the greatest importance amongst other things, for fighting legislative proposals directed against Co-operation.

Before we attempt to answer the question, however, we should be quite clear ourselves about the cause of the present unsatisfactory situation. One of the causes might be that

public opinion is influenced by people who are in favour of private trade, and therefore oppose Co-operation as a matter of principle. Not much can be done in such circles but where it is a case of ignorance positive results may be hoped for by disseminating information. Probably, however, indifference is most often due to a conservative attitude, inertia and want of thought. The old system is accepted for the simple reason that it is in existence; the Co-operative Movement is something new. Moreover an appreciation of the Movement and its aims demands a knowledge of economics which many people find it difficult to acquire. Another cause may be the fact that the Co-operative idea is, by its very nature, so completely practical—particularly if the social aims of the Movement are left aside—that it seems almost incongruous to associate it with an idealistic sentiment. It has also sometimes been suggested that a conscientious pursuit of co-operative neutrality is calculated to kill idealistic pursuits among the members. There is, too, the fact that the economic activity of the Movement, even though it is so extensive and important in certain countries, cannot be seen to its full extent by the masses. Moreover in the past the Movement itself has occasionally boasted that it worked in silence without attracting any public attention.

The effort to increase the social influence of the Co-operative Movement should be directed towards two different aims: 1. To repel attacks and legislative measures directed against the Movement; 2. To spread the knowledge of Co-operation and of its importance.

In considering how these aims might be attained we would briefly mention some old and some new ways which, in our opinion, might be effective:

1. **The Intensification and Expansion of Economic Activity.** Special attention should be paid to the new, large-scale schemes for giving better services to the consumers and for fighting cartelisation tendencies in private enterprise. For example, the international co-operative supply of oil which has been much discussed lately, the foundation of new national or international trading and productive enterprises in which different types of Co-operatives collaborate.

2. **The Intensification and Expansion of Co-operative Propaganda.** For this not only should all the means formerly employed be used but new ideas sought. Special attention should be paid to the organisation of a co-operative elite among the members, for instance, by the aid of group activity. In countries where there are several Consumers' Movements, their Central Organisations should establish joint propaganda centres, preferably in conjunction with the Central Organisation of the Agricultural Producers' Co-operative Societies. These joint centres would carry on general co-operative propaganda as a counterbalance to the general propaganda of the centres of private enterprise.

3. **The Vivification of the Idealistic Force of the Movement,** which might start with such slogans as "Political and Economic Democracy," "International Political and Economic Collaboration in the Cause of Peace," In this way Co-operation would achieve an idealistic impetus that would focus upon it the attention and gain for it the respect of the members as well as of the public. In all this, however, the neutrality of the Movement should, as far as possible, be maintained. In Sweden the idealistic force of Co-operation and its importance for democracy have already been proved beyond doubt.

4. **The Improvement of Relations with the Press.** We have previously suggested that the small interest displayed by the press in the Co-operative Movement—unless the papers are influenced by reasons of principle—is mainly because the press receives a large income from the advertising of private enterprise. The Movement should expand its advertisements as much as possible, not only as regards co-operative production, but co-operative principles. Advertisements must be really interesting and appropriate to the purpose. The proposed joint co-operative propaganda centres might well collaborate in advertising campaigns.

Efforts should also be made to influence the newspapers to send their reporters to co-operative congresses, the larger meetings, etc., to mention the most important decision of the Distributive Societies and their Central Organisations, also significant co-operative events. Statements by visiting Co-operators of eminence from abroad should be published and interviews arranged with them. It would also be desirable that prominent personalities who are also Co-operators should write for the papers, and that the press should regularly be supplied with articles dealing with the economic, social and ethical importance of Co-operation. A special co-operative office for supplying news and articles should be established for the purpose in connection with the Central Organisations, and should, eventually, have its representatives at the more important centres in the country.

5. **The Establishment and Maintenance of Good Relations with Political Parties, State and Municipal Authorities.** Efforts should also be made to influence persons prominent in the public life of the country, such as political leaders, high officials, etc., to join the Movement, and to elect them to the administrative organs and to other positions of trust. Reliable Co-operators should be elected to Parliament, and the nomination of co-operative employees as parliamentary candidates should not be opposed. Prominent representatives of the State and the municipalities should be invited to Co-operative Congresses and be acquainted with the Movement and its activities.

6. **The Representation of the Movement on all the Important Organs of Economic Life** should be secured, also Committees and Conferences that deal with home and foreign trade, agricultural and industrial production, taxation, etc. It goes without saying that it would be particularly desirable if the leading civil servants of the Ministries which handle economic matters, and even the Ministers themselves were Co-operators. Taking into consideration that the private business world is always powerfully represented in all such organs, it is only just that the Co-operative Movement should also be represented.

7. **The Selection of Sites** for offices and factories, and their architectural design should be considered from the point of view of their propaganda value and significance.

It is evident that the social influence of the Co-operative Movement increases in proportion to the development of its organisation and its general significance. But it is very important, in the present exceptional circumstances, that serious thought should be given to the facts presented above, and that everything possible be done to increase this social influence.

—Review of International Co-operation, March-April, 1946.

SUMMARY OF ACTION TAKEN BY THE PROVINCES ON THE RECOMMENDATIONS OF THE 14TH CONFERENCE OF REGISTRARS' CO-OP. SOCIETIES.

As resolved at the last Conference, a Committee was appointed by the Government of India, to draw up a plan of Co-operative development. The Committee has looked into and made its recommendations on every point mentioned in Resolution III. In so far as the recommendation could be implemented by the provinces, they have taken steps not only to appoint representatives of the Co-operative Movement on the various Committees dealing with their post-war plans but also to absorb ex-soldiers in civilian employment. The Central Provinces have, in particular, drawn up a scheme which contemplates bringing the whole Provinces under one co-operative structure. All the inhabitants of villages are expected sooner or later to become members of village societies which are to be affiliated in turn to tehsil growers' associations and central co-operative banks.

2. The Conference recommended that co-operative organizations should be utilized for the promotion of "Grow-More-Food" Campaign and that the Provincial and State Governments should help them and provide to them the necessary technical guidance and advice.

Most of the provinces have accordingly utilized the co-operative societies. Bihar launched a scheme based on the "Credit Agricole" of Egypt. Bombay undertook a vigorous propaganda and organised better farming societies. The only Province which expressed doubts in adopting the recommendations in their entirety was Sind. Bombay have gone ahead with the formation of land mortgage banks for financing land improvement and reclamation in addition to providing loan for debt redemption, as recommended by the last conference. In Bihar it has not been possible to adopt this recommendation because of permanent settlement. Similarly, in the Punjab, there has been little scope for this owing to the success of other agrarian legislation. However as to co-operative joint while the Provinces accepted the recommendation in principle they have not reported any substantial activity or results.

3. The resolution dealing with the establishment of co-operative marketing unions has met with a mixed reception. Madras are of the opinion that an all-India Co-operative Marketing Organisation is not likely to succeed in that province. The U. P. have, however, a scheme under which it is proposed to organize 3,000 multi-purpose societies in 1946-47, and a similar number in the next year. In order to ensure that the new societies are established on a sound basis, the cost during the first year of the working of the scheme will be borne by that Government in full. Government help will progressively be scaled down in subsequent year. In Coorg also there is a net-work of producers' co-operative marketing organizations which also undertake distribution of some consumers' articles like standard cloth, agricultural implements, etc.

As to the establishment of licensed warehouses, necessary legislation is contemplated by Bombay, C.P. and Berar and N.W.F.P. In the Punjab there is the Punjab Agricultural Produce Markets Act under which licenses are granted for the establishment of warehouses. The Railway authorities there are considering establishing a chain of elevators as a matter of long-term policy.

4. The Conference resolved that the consumers' co-operative movement should be put on a sound and permanent basis and that wherever co-operative stores were properly established and functioning they might be appointed as procurement agencies by Government and business practices was also recommended. Effect has been given to this recommendation in Bombay, C. P. and Berar and Coorg, as also to some extent in Madras. In Bihar, the consumers' co-operatives have not been much of a success in the past but that Government proposes to keep the future possibilities in mind.

5. In giving effect to the recommendation on industrial co-operatives, Bihar and C. P. have made special mention of the co-operatives of hand-loom weavers. Bombay proposes to establish a Provincial Industrial Federation as part of their post-war reconstruction schemes. In U.P., a Provincial Industrial Federation has already been set up. The Punjab have drawn up a detailed scheme for farming industrial co-operatives as part of their post-war plan. Madras propose to appoint a special Deputy Registrar for cottage industries.

6. Practically, every province has accepted the recommendation of the Conference with regard to increasing the supply of trained personnel for the Co-operative Movement, and, with that view, to providing a course to studies on co-operation and co-operative law in the universities and including suitable lessons in co-operation in primary and secondary school classes, and the training of the staff of Agriculture, Revenue and other Development Departments in the principles of co-operation. U. P. has been giving liberal grants for this purpose already, while, in Bihar, an institute for training Government field staff has been functioning for some time. The Nagpur University provides a post graduate course in co-operation.

INTERNATIONAL CO-OPERATIVE ALLIANCE, LONDON Officers and Committees elected at Zurich in October, 46

President:

LORD RUSHOLME

Vice-Presidents:

MR. A. KHOKHLOV, MR. M. D. LINCOLN

Executive:

DR. M. BONOW, M. BROT, J. J. A. CHARBO, J. M. DAVIDSON,
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Iceland.....	V. Thor.
India.....	Khan Mohammad Bashir Ahmad Khan.
Norway.....	R. Arnesed, Andr Juell.
Palestine.....	J. Ester, A. Zabrsky.
Poland.....	J. Janota, J. Jasinski, D. Kuszewski, E. Pszczolkowski, J. Zerkowski.
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United States.....	H. A. Cowden, M. D. Lincoln.
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ACKNOWLEDGMENTS

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SUPPLEMENT

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

APRIL 19, 1946.

Following the Presidential Address, Khan Mohammad Bashir Ahmad Khan, M.A., LL.B., M.R.A.S. (London), Hony. Secretary and Treasurer of the All-India Co-operative Institutes' Association, announced:—I have received innumerable messages from all over India and abroad wishing the Conference success. I do not propose to take much of your time by reading all of them or even mentioning all of them. Three of the messages are of particular importance. The first is from the Rt. Hon'ble A.V. Alexander, First Lord of Admiralty and a member of the British Cabinet Mission. The second is from Sir Stafford Cripps and the third is from one of our own delegates who is now Minister in charge of Co-operation in the Government of Bombay, Mr. Vaikunth L. Mehta. I propose to read only two of them.

Message from the Rt. Hon'ble A. V. Alexander, First Lord of Admiralty, member of the Cabinet Mission in India:—“Please convey my fraternal greetings to the All-India Conference of the Co-operative Institutes. I have been a Co-operator for 40 years and was Parliamentary Secretary to the British Co-operative Congress for nearly 25 years. As you know the co-operative movement in Great Britain, with an adult membership of over 9 millions, has become the largest trading organisation in our country. I am convinced that the development of Co-operation in India, promoting the great principles of mutuality, self-help, and the practised expression of our own 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. I have been interested in the doings of your Movement and particularly welcome the advent of your All-India Conferences. These must be influential in advancing co-operative education and knowledge and by the exchange of experiences faults can be remedied, objectives defined and organisation initiated for action to achieve those objectives.

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 charges and commissions.

If all our efforts are turned to Co-operation, we shall be making the largest possible contribution to the brotherhood of man.

And so, I wish every possible success to your Sixth All-India Co-operative 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. Remember the words of our great writer John Ruskin '*Competition is Death. Co-operation is Life*'".

Message from the Hon'ble Mr. V. L. Mehta, Minister in charge of Finance and Co-operation, Government of Bombay :—"I had intended to attend the forthcoming session of the All-India Co-operative Conference to be held under the joint auspices of the Indian Provincial Co-operative Banks' Association and the All-India Co-operative Institutes' Association. I regret that pressure of work in Bombay will prevent me from enjoying that privilege. Under your (Dewan Bahadur H. L. Kaji's) distinguished Chairmanship, I am sure the Conference will have a highly useful and successful session.

The outlook before the co-operative movement was, to my mind, never brighter. We have the restoration of responsible administration in the Provinces. Besides, it is only a question of time before we achieve complete freedom in the country and in our political and economic life. At this juncture, it is necessary that we co-operators should be not only ready with our plans for the alround development of the Movement, but should also inaugurate a vigorous drive for the acceptance and implementation of these plans.

It is fortunate that for carrying on this real work the atmosphere is entirely congenial. The largest political organisation in the country has accorded to the co-operative movement a prominent place in its programme and visualises the future structure of Indian society in terms of a Co-operative Commonwealth. It is for co-operators to bestir themselves, from now onwards, to convert this vision into a reality."

Khan Bahadur Hamid Chisti (U. P.) recited a verse (in Hindusthani) and thanked the Hon'ble Dr. Katju for his inaugural address and wished that, under his regime, the United Provinces will also become like the Punjab and Madras in the matter of Co-operation.

Khan Mohammad Bashir Ahmad Khan :—Now the question of food problem is very important and we would take it up tomorrow at 11 a.m. In the meantime at 9 p.m., there will be a meeting of the Subjects Committee. All those who are interested to take part in the deliberations of the Subjects Committee are invited. With these words we now close the Opening Session of the Conference.

The Subjects Committee held its first meeting from 9 p.m. to 12 p.m. and drafted resolutions to be brought before the Conference.

APRIL 20, 1946.

The Subjects Committee met again at 9 a.m. in the Conference pandal. There was a long and healthy discussion on some of the draft resolutions till 11 a.m.

The business session of the Conference commenced at 11 a.m., Dewan Bahadur Hiralal L. Kaji presiding.

Khan Mohammad Bashir Ahmad Khan :—We now take up the subject of food situation in India. According to the item on the Agenda, we have a sufficient indication of the points on which the discussion should proceed. It says, "Production, movement from surplus to deficit areas, imports, exports, needs of the military population—The role of Co-operative Marketing Organisations and Co-operative Stores as agencies on behalf of the State in procurement and distribution of food grains." Any one who desires to volunteer himself for opening the deliberations is welcome.

Rai Bahadur Brij Nandan Lal, (U. P.) :—Mr. President, brother delegates, ladies and gentlemen,—Before I come to the subject before us I must welcome the popular Ministry which has come into office in our Province and which consists of some of the greatest patriots of our country. I hope the day will soon dawn when India will be free and we shall be able to raise our heads like the people of other nations of the world. Co-operation can never succeed unless India has self-government.

As regards the food situation, the popular Premier of our Province made a statement on the 13th April. His statement gives the whole situation and the remedies that he has suggested are very satisfactory. He thinks, and I think he is right, that the difficulties of the food situation in our Province have arisen mainly due to the failure of the winter rains. If these winter rains had not failed, probably there would have been no difficulty in providing food in our Province. As a matter of fact, there was no deficit in our Province. This year our Province is a deficit Province. But this deficit, according to the Premier, can be met by the grain that we are going to get from the Government of India and other sources. He has framed a scheme according to which no tenant will be required to give beyond a certain percentage of his produce. The percentage on the whole Province will not come to more than one-eighth. The agency which he will utilise will be the committees which will be set up and volunteers will be invited. As the President suggested in his address, the co-operative agency should be employed wherever it exists. It is a short-term proposition and the whole thing must be done quickly. The co-operative societies do not exist in every part of the Province. So where there are co-operative societies they should be utilised for this purpose. As regards the agency, the Hon'ble Premier suggested that he will try his best to remove black-marketing. He has also said that corruption is very greatly prevalent in the country. There is no doubt about it. Corruption in India does not depend upon the poverty of the man. In India there has been corruption from the highest to the lowest. People getting high salaries in India have resorted to corrupt practices. Even the very poorest sometimes have been honest. This has been a case of opportunity. The war offered this opportunity. The war had to be won. Whoever gave subscription from

wherever he got it was given a certain amount of permit and he was allowed to be corrupt. Fifty per cent only reached the war authorities and the remaining fifty per cent went to the coffers of the unscrupulous contractors. As a matter of fact corruption was encouraged. The police also became very corrupt. Corruption is rampant in the country like anything. For this purpose the Hon'ble Premier has established a Department of Anti-Corruption. The Department was established even before the Congress Government came into power. They set up an Anti-Corruption Committee when they were in office in 1938. It was presided over by one of the ablest men in this Province, Raja Sir Maharaj Singh. He produced a report which is the best report ever produced by any Committee. By the time his main recommendations were out the Ministry was gone. We fail to realise that the agency which we create should be most honest. The difficulty in rationing and control so far was that this system could not be worked on account of corruption. For the success of this machinery it is absolutely necessary that corruption should be stopped. We must first see what is the agency and how it is worked. The main recommendation of the Maharaj Singh Committee was that the C.I.D. should be utilised for this purpose, otherwise it will not work. I hope the C.I.D. will be used for this purpose. The Hon'ble Premier also said that the difficulty of food situation has probably also arisen due to the fact that the urban population has increased mostly due to migration. I think this increase in population is due to more serious reasons than migration alone. I think it is a long term proposition. The Government and the co-operative authorities will have to see that the population does not increase and some sort of birth control has got to be enforced. A resolution to this effect was passed in 1932, but the people have gone on their own way. So far as our Province is concerned, the Hon'ble Premier has said that there will be no famine. The position in our Province is not so serious as in the case of some other Provinces.

Mr. G. A. Vase, (Bihar):—Mr. President, ladies and gentlemen,—Formerly the people of Bihar were not aware that they will have to face famine. But soon after there was a debate in the Assembly and it came up in papers, the third day rice vanished from the markets of Bihar. The price went up within three days from Rs. 18 to Rs. 22 a maund and, in some parts of Bihar, e.g., Chota Nagpur, no rice was available at all. At once the then Government, which was under the Advisers, came up with certain programme and enforced a levy order. Under the levy order they had fixed that those who cultivated about 100 acres or more or those who realised 500 maunds as rent in kind will have to contribute. That was enforced and immediately the popular Ministry came in. Now the portfolio of food is in the hands of one of the ablest Ministers of my province, the Hon'ble Auranga Narain Sinha. You know, gentlemen, my province is the stronghold of the Congress. The majority of the masses is behind the Congress and so, I believe, the popular Ministry will handle the situation and will succeed. But I find that the steps taken by the Advisers were also on

correct lines, because the other day I found that the Hon'ble Minister appreciated the levy order which was put in force, although he said that it will not be put into practice. But the law was alright. Now, gentlemen, which agency will carry it out. That is a problem. The other day, you must have seen in papers, Dr. Rajendra Prasad called a meeting of the students. He has mobilised some 8,000 students to take statistics of 8,000 villages roughly, to speculate the needs that they have to meet and on that basis it will be worked out what amount of crop will be deficit for the province. The other day the Hon'ble Minister was questioned and cross-questioned by the press as to which agency will work the machinery on behalf of the Ministry, whether the present officials, the Congress committees or some other agency. The answers were not direct but they implied that all the agencies present there, I mean the agencies of Government and of Congress, all will work the machinery. What I want, gentlemen, here is that through this Association we may impress upon the Ministry of Bihar and of other Provinces that there is another agency, and that is the agency of the co-operative movement and it also be utilised wherever possible and wherever it exists.

Rao Bahadur S. K. Yegnanarayana Iyer, (Madras):—I want to say just a few words on this important question. In the first place we must treat the food problem as an all-India question. We have found to our cost that Provincial Autonomy, however good in itself, went against the interests of the country as a whole when one Province, which had a lot of foodgrains, refused to sell at reasonable prices to other Provinces requiring foodgrains. So we must all realise that India is one indivisible unit, and we must work together as co-operators. We must put our weight on the side of unity of India as a whole. The second thing is that we should recognise the moral element in Co-operation and use our influence as far as possible to put down black-marketing and all anti-social influences. We must try our best to reduce all these things and come into our own. We must make the fullest use of our movement with regard to the distribution of food. In this connection, I may just mention one or two things about what our Province (Madras) did. In the first place, rationing must be introduced in all areas, in towns as well as in villages. No man who produces any quantity more than his immediate needs has got a right to use it for his own purpose. He must surrender it to the State and the State must take up the responsibility of equitable distribution of all excess. Without that we cannot fight this famine at all. The State must take up the responsibility of distribution and every man must be content with the ration that is sanctioned to him by the State, based, of course, upon the caloric needs and other things decided by the experts.

Coming to Co-operation, in our province we utilised the co-operative movement in two ways; first for procurement of food and, secondly, for the distribution of food. As regards procurement from producers by co-operative agency, I am sorry to say that the co-operative societies have not been

utilised to the fullest extent. It was only in one district that the procurement policy was carried to the highest pitch of efficiency. Some 10 crores of rupees were advanced to the producers, food was bought from them and entrusted to the district co-operative wholesale for distribution. You will be glad to know that we have a district co-operative wholesale in every district and that is being utilised as an effective agency for the distribution of food throughout the district. You will again be glad to know that we have 1,500 rural co-operative stores spread out throughout the Province, and every one of them has been an effective means of distribution of food-stuffs through the village areas. So I place this simple experiment of ours before you. You should make use of the co-operative institutions both for procurement of foodgrains and for distribution. That is how we can fight the famine in our own way.

Mr. Tarapadhu Chowdhuri, (Bengal):—Hardly have we recovered from the famine of 1943—despite the complacency and misrepresentation on the part of the authorities regarding the food situation in my province of Bengal,—we are again under the shadow of yet another famine. As far as I have been able to study the situation in the light of the statistics, that have been presented by the Bengal Famine Inquiry Commission, I should say that so far as my Province is concerned, the net result would be that it would be faced with another famine no less comprehensive in character and magnitude than the famine which visited us in 1943. Gentlemen, I give you a picture of the Bengal agricultural population. The agricultural population there consists of 7.1 millions of which 2 millions live on land below 2 acres, and 2 millions live on land between 2 to 5 acres, and the rest above 5 acres. So you can take it that half the agricultural population lives on very much low margin of subsistence. There is a profound disturbance in the social life of my Province. Gentlemen, Bengal had been free from famine during the 19th and the 20th centuries with the exception of the famine of 1943. This famine was unique in character, I should say. Unique inasmuch as the famine was not so much the result of ordinary famine on account of draught, or for the matter of that of scarcity, rather the famine was the result of rises in prices beyond comprehension. The population had not the purchasing capacity, just to purchase the food that was available. Now, gentlemen, this cause of famine is a unique one in the history of famines in India. Whenever there was a famine in the country relief measures started. Some purchasing power was procured for the people to obtain the necessary supplies at a reasonable cost and as soon as the relief measures started the famine disappeared. This has been the history of almost all famines. The famine of 1943, as I am going to put before you, was unique in history inasmuch as it gave rise to prices which were beyond the reach of the vast teeming millions, which constitute the bulk of the agricultural population of my Province. The 1943 famine was the result of many forces. I do not want to waste your time by giving details of these—but I should say that the

disaster was more a man-made disaster than a disaster caused by natural calamities. The result of the famine is that the countryside has been completely disrupted. Family ties have been broken, the social and the economic life of my Province has been absolutely disintegrated. It will be very considerable time before we will be able to recover the old position in the matter of economic and social integration. Gentlemen, I am a businessman, particularly a grain dealer. So I am quite familiar with the practices which the agents adopted for making money like anything. Gentlemen, when de-control was introduced—which hastened this famine of 1943—when free trade was accepted with the approval of the Government of India—the prices were fixed in a certain scale. The prices were rather in a downward grade from Rs. 80 to Rs. 20 a maund. The agents who were purchasing gave Government to understand, on whose behalf they were making the purchases, that the purchases were being made at Rs. 80 to Rs. 40 a maund; whereas they actually purchased at Rs. 12-8. They made purchases in huge quantities. Thus the agents themselves made money to the tune of crores. This procurement agency worked for Government and has been working still. The four chief agents of my Province are still working. The Famine Inquiry Commission, although they did not enter into details as to the working of these chief agents have, in their report, made out a clear case for inquiry into the working of the chief agents. But, unfortunately, or fortunately for the province of Bengal, the very agents that hastened famine are purchasing for Government. I do not know how far and how long they will be allowed to continue. In this business of procurement there is corruption rampant. Profiteering and black-marketing are prevalent to any extent. The only solution of the problems which face my province lies in the acceptance of the co-operative organization as the agency of procurement. In countries or places where the co-operative agencies, the co-operative credit institutions and the co-operative marketing institutions, are being utilised as a medium of procurement, the work is going on very satisfactorily. Gentlemen, the co-operative organizations have played their role in the matter of distribution of foodstuffs and other commodities as well. Their role has been very admirable and successful. Gentlemen, the Famine Inquiry Commission has laid down in unambiguous terms that these co-operative institutions should be made a part of the agency of procurement and also of distribution. In the matter of replacement, consideration has to be given to the factor of time and also of opportunity of substituting one agency for another. The Famine Commission have sounded a note of warning in the matter of precipitous action regarding replacement. This procurement and distribution work can very well be entrusted to the efficient district wholesale stores in the Provinces which have been working successfully. The President, in his presidential address, has stressed the importance of forming co-operative wholesale societies for undertaking bulk of the work of procurement and of distribution on behalf of each province. In this connection, I would suggest that if Government is pleased to patronise these co-operative organizations

and district stores, the duty of procurement and distribution should be entrusted to them. This will not only enrich our Movement but will also lay the foundations of a strong co-operative movement in the Province as well as in the countryside, and I think the foundation will be laid on a solid and strong ground so that it may stand the test of time when pitted against the normal machinery of trade. Gentlemen, so far as the food situation is concerned, our statistics show that we are short by 4 million tons. So we are hovering under the calamity of an impending famine. At the same time, we are told that freedom is fast approaching—Mahatma Gandhi has been saying that it is very near. I believe the time is not far off when we shall be free to put our house in order and formulate our plans for fighting this spectre of famine.

Ch. Ram Swarup Chaudhury, (Financial Adviser, Co-operative Department, Punjab):—Gentlemen, I am sorry to say to you that, if I knew that I had to succeed the Bengal delegate, I would have requested the President to give some of my time to him. My own personal view in the matter of food is that conditions differ so much from Province to Province that the Conference had better leave the matter to the discretion of Provincial Governments and the Provincial Departments of Co-operative Societies. It is easy to say that the Co-operative Department should take over the work of procurement and distribution, but it is very difficult to put this into practice. We should not forget the experience which we, at least in the Punjab, had immediately after the termination of the first world war. I was not actually in the department at the time but I am relating what I learnt from people working at that time. The Government, the Department and co-operators did their best to collaborate in the matter of distribution of standard cloth, salt, oil and other commodities. But whatever the causes were, the experiment was quite not an unqualified success. Even at present, my own personal view is that the Conference should, instead of passing such a resolution, lead the country and the Provinces by passing a general resolution to the effect that so far as possible in the Provinces the Co-operative Department, the co-operative movement and all co-operators should place their services at the disposal of Provincial Governments and should do their best to help the Governments in the matter of distribution, procurement and other auxiliary matters. If the Conference were to pass the resolution as worded at present, I am afraid it would lead to some extent to compulsion, of which our worthy President is afraid. The best course for the Conference is that, that keeping in view the difficulties in which the various heads of co-operative movement have to deal with, and keeping in view the circumstances of various Provinces, the Conference resolves that so far as possible all co-operators should do their best to help Provincial Governments in the matter of procurement and distribution.

Mr. C. K. Thadhani, (Sind):—Friends, Sind was supposed to be for a pretty long time in the "Sleepy Hollow," and from the reports that you might

have been seeing in the papers, many must have formed an opinion about the vagaries of Sind politics and the Sind politicians. But, in this matter of procurement and supply of food to other Provinces, which are deficit provinces, I might let you know that Sind has definitely done its duty. In almost all the big cities there is a strict system of food rationing. The rations given out to the people of Sind are very meagre. You will be surprised to learn that in Sind, although we are producing lot of wheat, still the Sind people are eating wheat that is imported from foreign countries. In spite of that the Government of Sind have taken strict measures to see that no food is exported from the Province of Sind. Not only that, but the movement of foodgrains from district to district also is regulated by Government. Besides that the Government have appointed syndicates to purchase all grain. No *Gawar* is at liberty to sell his grain to anybody else. It is all purchased by Government and, after the needs of the Province are satisfied, the rest of the foodgrains is given to the Government of India. The price for those foodgrains is fixed by the Government of India. We, therefore, in our Province, are doing our very best to give whatever surplus we have got to the deficit Provinces of India. Therefore, I would suggest that in the draft resolution that has been given, clauses (b) and (c) be modified. These clauses should be slightly altered to be fair to all the Provinces. Clause (b) says that the work of distribution of foodgrains should be entrusted to co-operative organizations. I have got small suggestions to make in this respect. As my predecessor has said, it would be better to leave to the Provincial Governments the policy of procurement. The co-operative societies must be developed to that extent to take in their own hands the work of procurement. So far as Sind is concerned, Government has divided the Province into two sections and appointed Regional Procurement Officers, whose duty would be to procure the surplus foodgrains of the Province and hand it over to the Sind Government which, in turn, will hand it over to the Government of India. It is not possible in all provinces to entrust this work to the co-operative organizations. So this clause may be slightly altered. Now I draw your attention to clause (c) which smacks of something undesirable, to say the least. Clause (c) says. "This Conference is gravely concerned at the reluctance or half-hearted acquiescence of surplus areas in the matter of making foodstuffs available for the deficit areas." Now, so far as our Province is concerned, I would submit that there is neither reluctance nor half-heartedness in this. The declared policy of the Government of Sind is to do, whatever agency is employed, for the procurement of food for other Provinces, its best.

Mr. Md. Yunas, (Asst. Registrar, Co-op. Societies, N.-W. F. P.):—Our Province is generally a deficit Province and it depends on the Punjab for the supply of grains. The Co-operative Department has done in some parts—say in one district—wholesale distribution of certain articles, such as sugar, cloth, kerosene oil, etc., and in another district some of the staff has been appointed on civil supply work. But the procurement

is not done through the Co-operative Department. The measure adopted for procurement there is that they have got separate Civil Supply Officers to whom the work of procurement is entrusted. Nothing is done through co-operative agencies. The present Ministry is a very strong one and they do not need the distribution work to be entrusted to the Co-operative Department.

Mr. M. R. Bhide, I.C.S., (Registrar of Co-operative Societies, Punjab) :—I do not wish to talk about the subject except on two points. The first point is the question raised as regards export of grains to deficit areas. There was a reference in the speech of the delegate from Madras regarding the reluctance or inability of one Province, which is surplus to supply grain to the deficit areas. The remarks which I propose to make will be entirely in my personal capacity as I have nothing to do with the food administration of the Punjab, although I am concerned with the distribution of certain items, such as kerosene, sugar, etc., to a certain extent. The Punjab is a surplus Province and has always been so. In the year 1943-44, the year of the Bengal famine, the Punjab wheat crop was in the neighbourhood of 4.2 million tons, of which we gave the Government of India .96 million tons. In that connection it would be very relevant to point out that the price at which the Punjab Government purchased wheat was between Rs. 10 and 10-8-0 a maund. That wheat was partly sent to Madras and partly to Bombay and Bengal. I do not know the figure at which Madras sold the wheat, but Bombay sold it at Rs. 14 or Rs. 14-8-0 a maund. On the other hand, the wholesale price of the Punjab wheat in Calcutta during that period was Rs. 18 a maund. The cost of transport from Lahore to Bombay is almost exactly the same as from Lahore to Calcutta. The Punjab has always been questioning Bengal as to what happened to the difference of Rs. 8-8-0. Bombay sold it at Rs. 14 or Rs. 14-8-0. If the Bengal consumer had to pay Rs. 18 for a maund how do you account for the difference of Rs. 8-8-0, between Bombay and Calcutta prices? The second point is that, in the year 1944-45, on account of untimely rains, the Punjab crop was estimated at 3.4 million tons, i.e., about 0.8 million tons below 1943-44 figure. In spite of that Punjab gave 50 million tons. The net amount available for consumption in the Punjab in 1943-44 was 4.2 million tons. In the year 1945-46, on account of paucity of rains, etc., the Punjab crop is estimated at 3.9 million tons, while our average consumption is at least 3.2 million tons. In spite of this the Punjab declared a surplus of 4.8 lakh tons and exported it. The position is still worse on account of certain transport difficulties. The wheat we were to send to U.P. and other Provinces by June this year was all transported in the month of February and March, with the result that in Lahore we cannot get our ration of wheat. In the Punjab there is only rationing of wheat. We have reduced our ration of 12 ounces of wheat to 6 ounces of wheat and 6 ounces of rice. That is one point as regards reluctance. I have already explained the price factor. All that the Punjab Government have charged on wheat is As. 4 a maund on the price actually

paid by them to the peasant and that, too, for building godowns for storing wheat. The peasant has to sell wheat in order to buy other things. In the Punjab, which is a surplus wheat producing Province, we are saving all the wheat we can. Our wheat ration is about exactly the same as in U.P. Would the U.P. Government share the sugar exactly on the same lines as we are sharing wheat with them? As far as I know there are no drastic rules on consumption of sugar here. Here they are consuming three times the sugar we are consuming.

Mr. S. K. Datta, I.C.S., (Registrar of Co-operative Societies, Assam) :—Hearty greetings to you, Sir, and brother delegates, to have given me this opportunity. Our Province was nearly written off from the rest of India from 1942 to 1945, but I am glad to tell you we are very much alive and kicking. So far as food situation is concerned there are two points—one is the short-term policy and the other is the long-term policy. From the short-term point of view we have already heard the point of view of some of the surplus Provinces. The trouble has been that regulations in the Provinces have not been uniform. We have rationed in all our district and sub-divisional towns as far back as 1943 and we have been procuring surplus rice and giving it to the army and to some of the deficit areas on an average of about 60 to 70 thousand tons per year. This year, unfortunately due to the lack of winter rains, crops were deficit, but we intend to fulfil our quota of export as Sind has done. The thing to do in every Province is to have a central procurement system, both for meeting its own needs as well as to meet any demand that the Central Government may make to help deficit Provinces. I can tell you that Madras, Mysore and Bombay, part of it, are in need of food. The second thing is to bring all our towns in rationing and introduce a sort of rational distribution system for rural areas also, where you cannot introduce compulsory rationing. In this procurement scheme the Co-operative Department can play a very important part. But I feel that we cannot lay down any hard-and-fast rule because co-operative organization varies from Province to Province and things which can be taken up by the co-operative organization in one Province cannot be taken up in another Province. So what we can do is to recommend to the Provincial Government to take the help of the co-operative organisation in this procurement and distribution work. Coming to the point of long-term policy, what I feel is that we will have these pictures of famines for very many years unless we revolutionise our agricultural practices. Our population has grown vastly. The world picture is bad and our agriculture is in a primitive condition. Everybody knows that we have got uneconomic holdings and primitive methods of agriculture. I find there is on the agenda, a suggestion about collective farming. Most of the Provinces have not got waste lands to spare. My Province is one which could take it up and I would recommend that every Province should try to arrange collective farming wherever there is a vacant land. But our problem is also in regard to the existing villages and I recommend to you, Gentlemen, to read a book on "Poverty and Social

Change," by Tarlok Singh, I.C.S., and think on those lines. I also think that the Co-operative Department should try to improve agricultural methods. We do not know how far we can help in apathy. First of all, our country should be prepared for Co-operation. Secondly, that the political power is coming into the hands of the representatives of our people, we should see to it that the popular Governments concentrate themselves in tackling this problem in right earnest. I thank you, Gentlemen, to have given me this patient hearing.

Rai Sahib B. C. Dass, (Orissa) :—This food problem is not only puzzling us, Indians, but also the whole of the world. Why this thing has come, is the main question before us. Is it a real famine or a man-made famine? India was producing food and agricultural commodities - rice, paddy, etc. Now what have become of these productions? My impression is, you might have read in papers, that they are sending foodgrains to other countries. Again so much of the foodstuffs is being wasted in storage. The Government are not taking proper care. In Bengal, we are reading reports that so many thousand tons have been wasted and it is beyond expectation. Who is responsible for these things? Why the Government should not be prosecuted for this? It is only the Government who have created such a famine. As regards my Province—Orissa—I can say that procurement has been mostly taken up by Government, but, in some places, the Co-operative Department has also taken part in it, *e.g.*, in Ganjam, Puri and Sambalpur. The Co-operative Department has done it successfully. I may tell you also that even though the Government do not like to hand over procurement to Co-operative Department for many reasons, the main reason is that big officials are in contact with the agents and corruption is rampant. The Co-operative Society will not afford it. All the distribution in the Ganjam District is done through the Co-operative Department and it has done it very successfully. In the recent Famine Report on Bengal, credit has been given to the distribution system of Orissa and also to the procurement system. But I can say, in this connection, that the Co-operative Department will play an important part in not only procurement but also in distribution, because they are doing the work honestly. They know the status of the people and how much they can have. When an official is appointed he does things arbitrarily. I will tell you that this question is not a provincial question, but an all-India question and we are all brothers, and we are all Indians, and in such a case every Province will have to send some sort of provisions which are required in other Provinces. For example, in Madras, this year they are really in need of foodstuffs. You know how they are suffering on account of the recent cyclone and dearth of rains. We are sending some thousand maunds of paddy to the neighbouring Provinces. But I will tell you one thing and that is that you are given high hopes regarding the coming Ministry in other Provinces. I have got a great sympathy for Congress institution. We have got our representatives in Orissa. You might have seen in papers, the leader, Mr. H. K. Mehtab, has

said to raise the rate of paddy. Why is he going to raise the rate of paddy? He says that then the other Provinces will not be able to take it. I have very little hope. If the Ministry comes to power, certainly they will raise the paddy rate in Orissa. As long as the subsidising rates were prevalent up to 25th March people were purchasing. But now they are not purchasing it as there is a vast difference between the selling rate and the purchasing rate of the Government. The market rate is even now favourable as compared to the Government selling rate. In the circumstances, if paddy rate is increased, then it will be horrible for the people of Orissa. One thing more. I hope you all agree with me that the Co-operative Department will have to take not only procurement but also the distribution side of food for the uplift and encouragement of agriculturists.

Nawab Mir Akbar Ali Khan, (Hyderabad, Dn.) :—Mr. President, Ladies and Gentlemen, I thank you for giving an opportunity to States, and particularly to my State—Hyderabad—to take part in the deliberations of the All-India Co-operative Conference. I am sure, Sir, you will agree that things are changing and we are coming nearer and nearer each other and it is time that we in States and you in British Provinces think alike in matters which concern the common objects and purposes of India as a whole, and, particularly so, Sir, in matters relating to food and cloth. Here, I will just briefly tell you our experience in the matter of food and what measures we adopted and what little we have contributed to the British Provinces when they required grains from others very badly. Sir, in the feeling that the food question should not be confined to Provinces or States but it should be considered from the humanitarian point of view I can tell you Hyderabad officials and non-officials are all with you. As I have said, Sir, it is not only that we have felt but you will be glad to listen that we have contributed whatever we could to the Deccan States, we have contributed to the Bombay Presidency and last year, Sir, we have contributed to this Province—U.P.—also to the extent we could in the shape of bajra, pulses, etc. Last year's contribution from Hyderabad to British India goes over 60,000 tons. So you will see that, while maintaining our position, while seeing that our people do not starve, we have marshalled our resources in such a way that we have given to the British India the most that we could. Sir, I may tell you a very interesting thing and it is an historical thing, but most of you probably may not have that information. It was in the year 1880 or 1882 when there was famine in some of the Provinces of British India. The Nizam of Hyderabad at that time wrote to the Governor-General of India saying that he was very much concerned about the conditions in British India and offered his help. The suggestion was very much welcomed by the Governor-General and the Nizam did whatever he could. We have followed the same policy to the present day. Now what we did at first was that we tried, as it has been tried in most of the British Provinces, to control prices. The very effect of the control of prices was

that grain went into the black market. It was not available to the consumer at prices at which he could buy. The result was that we had to think about it and from the very beginning we have been in close touch with the Central Government of India and we suggested that procurement, rationing and the control of prices should go hand in hand. Unless we ration our needs we cannot save as much as we could save. Now you will be glad to hear that in all places having a population of 10,000 or over we have introduced rationing and we are extending it, if needs so required, by rationing towns with a population of 5,000 and more. Sir, at the same time we thought that the Government must have some grain in their hands and so we have introduced a levy of $\frac{1}{3}$ of the produce that the cultivator has got in his hand. The grain accumulated in this way will be stocked in godowns in and near the villages if necessary, to cater to the needs of the villagers and to send the surplus to big cities and further surplus to British India wherever it is required. Not only that we have introduced compulsory purchase orders in respect of wheat and rice, that is to say, the cultivator, after satisfying the needs of his family and seed requirement, etc., was required to sell the remainder to Government. By these measures we have tried to gather and store grain for the efficient running of rationing in towns. Sir, you will be glad to learn that this year we are also thinking to export pulses as much as we can but regarding cereals our position is very bad. This is due to the fact that some of the tracts near the Madras Presidency have been very badly affected. So far as this year is concerned we have not promised anything. In fact, very recently I had been to Delhi as a non-official representative. There also I made this point clear that during the previous years we have done what we could and this year also we will try to spare as much as possible but we cannot promise anything just now. There are one or two things about which I want to speak. One is that we have from the very beginning felt the need that this procurement or this rationing will not be successful if it is entirely put into the hands of the Government. With this in view we appointed village committees, taluk committees and district committees and we have appointed a Central Food Advisory Board. By associating non-officials in these schemes, we have been very successful. So credit is also due, if any credit is at all due, to non-officials who helped in the success of these schemes. So I say, Sir, that if this has not been done in any of the British Provinces, then on this basis of the experience that we have gained I will strongly recommend that in procurement of food and its distribution non-official help must be taken to the fullest degree. The other thing that I would suggest is that while we have been doing everything about food we have not been indifferent to give co-operative bias to the food policy. Sir, in the last Food Council meeting, it was I who proposed a resolution and I am glad to say, Sir, that Sir M. R. Deshpande of C. P. and Chaudhary Mukhtar Singh of U.P., gave me very valuable support and with the support of these gentlemen—although in the teeth of opposition—we were able to get the resolution passed. Sir, in this way we have done something

practical. We have established Development Unions, we have appointed district committees and most of our procurement work is being done by the co-operative societies. So it is not a question of experiment. If any of my friends want to see what is happening in Hyderabad he is welcome. In fact, I have requested the President that if all of you agree the next Conference may be held at Hyderabad. All that I want is that every effort should be made to give as much opportunity as possible to co-operative societies in the procurement scheme. I think, Sir, that so far as the co-operative movement is concerned this food crisis has greatly helped and we have, in our own humble way, greatly encouraged the co-operative institutions.

Mr. V. J. Patel (Baroda) :—Mr. President and brother co-operators. Fortunately I have been recently appointed as a Parliamentary Secretary and the portfolio of Civil Supplies has been entrusted to me. So I can, I think, authoritatively state what is the position in Baroda State. As there is no time I would very briefly state our policy with respect to co-operative societies. With respect to general conditions, I think we equally share the evil of corruption and mismanagement found everywhere throughout India. Of course, we are trying our best to fight it. Government officials of Baroda State, and, I think of every Province of British India also, are trying their best to efficiently manage the work of civil supplies. Still all Government officers want to help the co-operative organisation and they have laid down a definite policy to help the co-operative institutions. They are giving cash credit facilities to all institutions undertaking the work of civil supplies. They have taken some representatives of the co-operative societies in the Foodgrains Committee and taluk and district committees also. Recently they have also appointed a separate department to submit the complaints to the Government so that immediate attention may be given to those complaints. In this way the Government are helping the civil supplies work in the Baroda State.

Mr. S. D. Ujwal, (Registrar, Co-operative Societies, Jodhpur) :—Mr. President, Sir, I come from a State to which famine is no stranger—Jodhpur. We are normally very deficit and out of every 10 years 6 are famine years and we have generally to depend upon outside help. We evolved a system of fighting famine and that is by migration to the neighbouring areas. Most of our people migrate to Sind and I am glad to inform you that Sind has always fed us in the past and even now it is very helpful. This year food problem has become very acute in our State and we are depending upon outside help. I would appeal to surplus areas not only to think of deficit British Provinces but also of deficit States. We think that we have as much right and as much claim on surplus Provinces as the British Provinces. We, on our side, will give you an assurance that we are doing our best to fight the famine. We have been trained for generations to live on meagre diet. In our own humble way, we are fighting the famine in a different way. We are trying to improve our food

production, but Nature is very unkind to us. We live in a land of Death. We have a very up-hill task. What I want to assure all concerned through this Conference is that we are doing our best not only in the matter of procurement and distribution but also in utilising every single thing that we have. But we must be helped from outside, otherwise it will be impossible for us to tide over this crisis. Unless and until we get help from outside ours may be a tragedy like that of Bengal. I am sounding a very pessimistic note but I think, as a co-operator, I must bring to the notice of the other co-operators our own plight. I am proud of the lead given by Hyderabad in the matter of supplying food to the British Indian provinces. Provinces should also help us, wherever they can.

Mr. G. R. Pillai, (Travancore):—Mr. President, ladies and gentlemen. Travancore is a deficit area. We produce only 40 per cent of our needs and we are fed by generous neighbours. But what we get we use very very cautiously. The co-operative movement in the State has been playing a very prominent part in the equitable distribution of foodstuffs which the neighbouring provinces have been good enough to give us. Rationing has been introduced in big towns. The co-operative societies have been collecting about 40 per cent of the food that is distributed. The co-operative societies are purchasing in different areas allotted to them whatever surplus there is of production. The co-operative agency has proved that when a chance is given it can equitably distribute the foodstuffs, and also help the procurement of foodstuffs.

Mr. D. L. Gupta, (Jaipur):—Mr. President, ladies and gentlemen. The various aspects of the food problem and the steps which have been taken by the Provinces and States have been very well thrashed out. I would draw the attention of the Conference to one important problem which has not been discussed so well as it ought to have been discussed. We have been concentrating our attention mainly on procurement and distribution but we must remember that procurement and distribution is not the only problem. We have to face the problem of an acute shortage of food in India, and the important part which the co-operative movement can play in food production, has not been very well thrashed out and discussed. It is the definite recommendation of the Famine Enquiry Commission that "Grow More Food Campaign" has failed because the common man has not been associated with it. It is recommended by the Commission that even with the present methods of cultivation but with proper supervision we can increase production by 50 per cent. It is the recommendation of the Khareghat report that if the target can be divided into the districts and villages the production can be increased. What I want to emphasise is that the help of the co-operative movement should also be taken in respect of growing more food. In this connection I would like to draw your attention to the success of the agricultural committees in the U.K. The food problem in the U.K. was much more severe but has been much better handled than what it has been in our country. As you

might be aware England produces for only 40 per cent of its population, but during the wartime England has been having a better distribution of food and in many cases the diets consumed by them have increased.

In my opinion we have to give greater importance to the problem of grow more food and it is in that respect that the services of the co-operative movement can be utilised. While the officers of the different Provinces may disagree as to the proper system of procurement but all of them would probably agree to the importance of grow more food. Unless an agency of some sort is set up to advise the cultivator and guide him the production of crops cannot be increased. Ultimately we must remember that we are a nation under-fed from the point of view of nutrition. We are nowhere as compared to other countries in this respect. Hence it is all the more necessary that we should give our best attention to the problem and the important part which the co-operative societies can play in the matter of grow more food. Really there has not been any "Grow More Food Campaign". It has been a mere transfer from commercial to food crops, and the area under cultivation has not been increased nor the yield. As far as possible co-operative societies should be entrusted with the procurement work. At present we have three agencies for procurement of food—the State agency, the trade channels and the co-operative societies. Of all the three channels the co-operative societies are easily the best and much less subject to corruption. Keeping that fact in view we should try to make as far as possible the use of these societies in the matter of procurement. We have already heard from many persons of the success of these societies.

Mr. Amarnath, (Assistant Registrar, Co-operative Societies, Bharatpur):—Mr. President, ladies and gentlemen. Since the start of the co-operative movement in the Bharatpur State the authorities have authorised the co-operative societies to store the seed and other foodgrains for the use of the members of the co-operative societies and give surplus to the zamindars who need it. Last year there was deficit for the sowing of the rabi crop. The matter was brought to the notice of the Government of India and on their recommendation the Government of the Punjab gave us 500 tons of wheat for sowing purposes and 591 improved varieties of seed were purchased from Khanwal and Kot Melaram. The seed was advanced through the co-operative societies and regular sowing was made in the State. This year owing to the failure of rains there is a deficit, but the State and the public have been co-operating with each other to solve this problem. A Central Committee has been formed by His Highness the Maharaja Sahib and for its administration official and non-official members have been appointed to solve this problem. Last year and before also surplus foodgrain was supplied by our State to the neighbouring States and to the Provinces in British India under the order of the Government of India. I hope that if there will be any surplus in the State it will be supplied to the neighbouring States as well as to the British Provinces.

Mr. S. Srinivas, (Mysore State):—Sir, in Mysore the Co-operative Societies were entrusted with the work of distribution of foodstuffs and cloth, not only to the members, but also to the general public. As many as 577 societies undertook this work and have done notable service. This has also helped in putting down the black market. With regard to the food position, we have got stock only to last till the end of July. Ours is a deficit State. We are entirely dependent upon the help from the Government of India and other States or Provinces. We have organised one Mysore Co-operative Marketing Society which is showing much improvement. The main functions of the society are to form marketing societies and help them to secure better prices and also to help in distribution. The total purchases come to more than 10 lakhs of rupees. I might say that 20 lakhs of people will go without food if we do not receive help from the Government of India and other States and Provinces. It is mainly because of the failure of rains. Our main crop is ragi. The annual cultivated area under ragi is between 20 to 22 lakhs and under jola between 7 and 8 lakhs of acres. For the last few years the Agricultural Department has decidedly increased its activities. Out of 2,47,000 acres of new land given under 'Grow More Food' campaign ryots have cultivated only 14,300 acres. It is true that on account of the urgency of the matter the Government have extended a number of concessions. I believe that there is scope for co-operative societies to further growing more food on their own initiative. That problem, I believe, will be discussed in one shape or another under Post-War Reconstruction Plans.

Mr. H. N. Gupta, (Registrar, Co-operative Societies, Alwar):—Sir, I am glad to say that in Alwar, Co-operative Department was established by Sir Francis Wylie, who is Governor of U.P. He takes very great interest in Co-operation. He has done much in Alwar. I am also glad to say that I was the first man to be appointed in the Co-operative Department there as Registrar and then I was sent for receiving training in the Punjab for 14 months. I am glad to say that I received my training from Rana Sher Jang Khan. As regards food situation in Alwar, it is worse than in several provinces. The rate of wheat is 2 seers 6 chhattaks a rupee. In Alwar they have introduced rationing. As regards procurement scheme, the Government have purchased some wheat from Canara. At present they have a mind to purchase 3 lakh maunds not through Co-operative Department or any other agency but direct.

Mr. Daulat Ram, (Registrar, Co-operative Societies, Bikaner State):—Sir Jodhpur and Bikaner are more or less brother States. We had famine every third year, but thanks to our late lamented Maharaja Shri Ganga Singh Bahadur, who brought in a canal from the Punjab. Now as regards wheat, it is a deficit State, but as regards barley and gram, you will be pleased to learn that we have been supplying to Madras, Bombay, Baroda and to many other places, and even as regards wheat the control price is Rs. 10. We in fact exported some of our wheat as well. We

have not so much acute food problem in our State. In fact we are exporting to some extent and doing our best. I think the best way to get over the difficulty is to tackle the black market. What they have stored must be unearthed, and, secondly, rationing should be introduced in almost every village. If not in villages, at least in small towns.

Sardar K. J. Khosla, (Deputy Registrar, Patiala State):—In the matter of food we are surplus. We are doing whatever we can in the matter of food export. Prior to 1944 we used to sell our surpluses through Government agencies and not through the co-operative agencies. These surpluses were being declared on the basis of crop forecasts, but it appeared that permits were being given arbitrarily to the dealers by zamindars who could wield more influence leading to lot of corruption. Most people who could wield influence got permits. In order to obviate all these mal-practices we gave a co-operative bias. We organised associations of grain dealers. The entire surplus is now being exported through the co-operative agency. Out of an excess of one crore maunds we export 25 lakh maunds on a co-operative basis through the agency of Co-operative Associations and a Co-operative Syndicate organised at the centre.

Mr. G. L. Khullar, (Registrar, Co-operative Societies, Kotah State):—The food problem is a common problem, but in places like Rajputana, where there are a number of States with boundaries touching each other, the problem is more acute because grain from one State goes into another, without being noticed sometimes, and large quantities disappear. So the problem of procurement there from strictly controlled agencies of storage and distribution has got an importance of its own. Talking of my own State, Kota State is generally a surplus State, but since last year owing to certain reasons it has also become a deficit State. Previously we used to export large quantities of grains to British Indian provinces and other States under the basic plan of the Government of India and we did supply to the provinces as far away as Madras and Bengal. But this year the situation has become still difficult. I want to confine myself to the part that the Co-operative Societies have played and can play in the food situation. I do not want to digress from this point. So far as production is concerned, there can be co-operative farming and that has been tried in one or two places in Kota State. Co-operation can also play its part in encouraging better production by means of better sales and States can start societies for procuring a good supply of improved seeds and supplying them to the members and thus increasing the production. This has been done in our State on a large scale. Again we come to procurement—procurement from outside and procurement from within. So far as procurement from outside is concerned, that is done through Government machinery and Co-operative Societies have not played very great part there. But so far as internal procurement is concerned, in our State we have sale and purchase societies of agriculturists and we have divided the State into three divisions. In one division there is one agricultural sale and purchase society, the members of which are agriculturists

themselves. They purchase all the grain that comes into the *mandi* under the levy system. Co-operative Societies purchase all the grain and under the instructions of the State Government send out that grain to different places where it is required. Now, there the Co-operative Society can play the part of procurement. So far as distribution is concerned, we have rationing in all towns and cities with a population of 3,000 and over, and as far as possible, these rationed shops can also be given to Co-operative Societies. In three or four places we have tried that. Wherever ration shops have been given to Co-operative Societies their work has been more successful as compared with others. In transport also we can play our part. In these ways Co-operation can play its part in production, procurement and transport.

Mr. P. I. Billiappa, (Coorg):—Sir, I am the President of the Co-operative Marketing Society. Our's is a surplus Province. We export about 20 to 25 thousand tons of paddy either to the neighbouring State of Mysore or to Malahar. The price is fixed by the Government of India every year. I am here to emphasise that it is the co-operative movement that can effectively procure the foodgrains and also effectively distribute them. Doubts have been raised, Sir, that it is not possible for co-operative institutions to procure all the foodgrains. Ours is a little Province, but I am proud to say that it is one of the best Provinces in Co-operation. Our Province has only 170 villages, but practically every village has a society. We have got only 15 paddy marketing societies. The procurement was entrusted to these federations as well as to the Merchants' Association. The proportion was 1:4, though we urged on the local Government that the main agency should be the co-operative federation. They would not agree with us, but I can tell you there is no corruption and black marketing in Coorg. It is due to the fact that the marketing federation has been entrusted with the policy of selling. In Coorg all the work can be done by the Co-operative Societies. I can put down corruption and black marketing to the fullest extent. It is only the co-operative movement that can do so. With these few words I emphasise again that it should be done by the co-operative institutions alone.

President :—Before I bring this discussion to a close, I would like to say a word. Many explanations have been given for the deficit of foodgrains in India but they have not been satisfactory. Have there not been famines before? I want that the Government should take the people into confidence and tell us why this famine has occurred. Somebody says the urban population has increased. Is that the cause of famine? The rural population has decreased. You have not imported into urban areas people from China and Japan. I have not understood it. I dare say responsible gentlemen who said that must have something behind what they say. I, therefore, wish that Government should take us into complete confidence on the subject of foodstuffs. How much is being produced, of what kind, in each definite area month by month and also as to how much is exported.

It is no use saying that experts have been appointed. Please let us know how much is exported, how much is imported from abroad, how much is inter-provincial exchange and how much is given to the Military and combatant forces. If all this information is supplied to us, we shall not complain. We shall thank our stars and co-operate in the best way possible for the removal of this difficulty of ours. Some gentleman here remarked that this problem of famine will continue to stare us for several years to come. Why? Are the rains going to fail every year? Somebody said that we have very bad agricultural system, low yields, uneconomic units. That is not a problem of today. Yesterday it was the same. Day before yesterday it was the same and we still had no famine. Please explain why this famine has come out, and that is all that I ask Government to explain. We want this information only, and not keep things, as it were, confidential. We have had enough confidential things now. Our men are there and they should be sure of our competence.

The Conference was adjourned at 2 p.m. for lunch and resumed its sitting at 3-30 p.m. to consider the draft resolutions.

President :—Gentlemen, the first resolution with your permission can be moved from the Chair. It runs as follows :—

1. CONDOLENCES.

(a) "This Conference places on record its deep sense of sorrow and grief at the sad and untimely death of Mr. Wajahat Hussain, 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."

I put this resolution for your acceptance. Those in favour will please pass it by standing.

The resolution was passed all the members standing.

President :—I move the second resolution which runs as follows :—

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 Hyderabad 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."

The resolution was passed unanimously.

Rao Bahadur S. K. Yegnanarayana Iyer :—Sir, I move the following resolution :

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 corporations. The creation of a new credit agency side by side with the old one, both being State-aided, controlled and both having 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."

Capt. Rai Sahib Dalim Man Singh, (U. P.):—I second the resolution.

Mr. Rana Sher Jang Khan (Reserve Bank of India):—It is most unfortunate that this Conference is being asked to condemn the report of the Agricultural Finance Sub-committee which has not yet even been published and for which no reasons have been given. The only insight into the minds of the framers of this resolution is furnished by the presidential address, which assumes that the Agricultural Credit Corporation of the Committee's conception is a parallel organisation to the co-operative movement and that it will largely work through co-operative organisation. Sir, both these assumptions are unjustified. I am afraid that the discussions have betrayed an unbelievable amount of misunderstanding. The misunderstanding seems to me to arise in the main from a lack of appreciation of the relationship of the Committee's proposals and their approach to the

problem. Sir, I shall beg of you to give me a few minutes to place before you the Committee's proposals in their proper perspective and true relationship so that you may be able to appreciate the place of Agricultural Credit Corporations in their scheme of things.

The Committee begins by emphasising the fact that the agricultural credit problems of a country cannot be solved in isolation. Efforts to improve the technique of agricultural credit system must form a part of a comprehensive plan of reconstructing the entire agricultural economy of the country and of turning the peasant into a state of normal solvency. According to them this requires action on a very wide front, such as the creation of a balance between agricultural and industrial employment, the establishment of economic holdings, the improvement in the technical competence of the farmer, the extension of irrigation facilities, the maintenance of agricultural prices at a reasonable level, the promotion of cottage industries, etc. Then they go on to emphasise the need for freeing the agricultural economy of the country of the incubus of old accumulated debt so as to enable it to function normally. They regard it as a necessary precondition of building up a sound system of agricultural credit for the future.

Thereafter they proceed to lay down in detail the principles and procedure of compulsory adjustment of all agricultural debts to a fair amount according to law and further to the repaying capacity of the borrowers spread over 20 years or 50 per cent of the value, whichever is less. They, however, suggest that the debts owed to co-operative societies should be adjusted only with the consent of the Registrar who would determine the extent to which these societies could grant remission without jeopardising their existence. One of the reasons that they give for according preferential treatment to co-operative societies is that they want the co-operative movement to play an ever increasing part in supplying agricultural finance. Sir, I am making a reference to this at this stage so that you may note the Committee's solicitude and sympathy for the co-operative movement. I would not like to bother you with the details of the principles and the procedure for the adjustment and liquidation of old debts proposed by them. I would, however, refer to one aspect of the matter as it appears to me to be relevant for appreciating the place of the agricultural credit corporation in their scheme of things. The experience of the working of the debt conciliation which was adopted in almost every province shows that one of the reasons why it failed to realise even the limited purpose of its conception was that there was no arrangement for compounding of the total claims. The Committee therefore, suggested as an integral part of their scheme that all debts awarded under it should be paid of in lump by borrowing from a land mortgage bank or a Governmental agency, i.e., the agricultural credit corporation. They further suggest that the land mortgage banks should have the first choice to take up such business and judge each case as a business proposition according to their own

standards. The cases not taken up by land mortgage banks should be financed by the Agricultural Credit Corporation.

After disposing of the problem of old debts the Committee proceeds to make proposals in regard to the agricultural credit structure of the future. They begin by passing under review the part played by the existing agencies *viz.*, the co-operative movement, the private agencies consisting of industrial and processing concerns, insurance companies, commercial banks, and moneylenders and Government.

While assessing the part played by the co-operative movement in financing agriculture they say, that the total number of agricultural societies in India was round about ninety-five thousands; the membership of these societies, according to them was roughly 8.46 millions which formed 1.02 per cent of the total rural population of the country. Assuming that one member represents a family of 5, the co-operative credit movement at a most liberal estimate seems to have touched not more than 5.1 per cent of the rural population of this country. Sir, you know better than I do, what part of this already too small population is efficiently served by these societies. Most of the members of C class societies have still to resort to moneylenders for satisfying most of their needs. Even all A and B class societies are not able to finance all the legitimate requirements of their members. But the number of the A and B class societies where finance may be taken to be more or less on efficient lines is less than 10 per cent of the total number of societies and on that basis the co-operative credit movement has not touched efficiently more than 0.5 per cent of the rural population of this country. Again the total amount outstanding against the members at the end of 1942-43 was Rs. 15.8 crores of which Rs. 7.7 crores or 50 per cent was overdue in spite of the rise in agricultural prices. These figures show that the role of the co-operative movement in the supply of agricultural finance was negligibly small as compared to the needs of the country and that part of it which could be considered as efficient was smaller still. This was the record of the working of the movement over forty long years.

Sir, you will probably say that if the co-operative movement has not achieved the results expected of it, the fault does not lie with it, but elsewhere. The Committee entirely endorse this view. They appreciate the soundness of the principles of the movement and also its vast potentialities. In fact, they reiterate their faith in the movement in unambiguous words and again and again express the view that the spread of co-operation would provide the best and the most lasting solution for the problem of agricultural credit, in particular, and those of rural economy, in general. But, consistent with their responsibilities, they could not play the theorist. They were not wedded to any particular ideology. They were anxious to find the best solution for the problems of agricultural credit in this country. They had to be realists and to admit that the present position of the co-operative movement was not such as to inspire much hope it could be

made to play a substantial part in financing agriculture, much less to become the sole supplier of such finance in the immediate future. You cannot organise co-operative credit to order. You cannot force the people to join such organisation. If you do so, you will court disaster. You will come to grief. That is the experience of the past and the experience of every country which has tried to force the growth of the co-operative credit movement. The Committee believed that by the very nature of things, the development of co-operative credit movement, if it is to be on sound lines, must be slow. Now so if long as Co operation was in the process of development (and in the last forty years it had developed so as to touch efficiently not more than 5 per cent of the population), should we do nothing else for the cultivators? Should we let the matter ride and play the spectators to the exploitation of the cultivator as has been the case so far under the mistaken belief that any other course will harm the co-operative movement? Was the good of the cultivator the ultimate objective of our efforts or a sentimental attachment to a particular ideology or a particular method? The Committee recommended that, while making an all-out effort to develop the co-operative movement on sound lines, we must do something immediately to provide him finance at reasonable terms, ensuring at the same time that this does not in anyway arrest or hamper the development of the co-operative movement. This, among other things, explains the genesis of the idea of this Corporation. But more of it a little later.

Taking the private agencies, the Committee came to the conclusion that insurance companies, industrial and processing concerns and commercial banks played little part in financing agriculture direct. The part played by Government was also negligible. Almost the entire agricultural finance was supplied by the moneylender. The critics of our proposals suggest that, while the co-operative movement was being developed, let the moneylender continue his monopoly. They say that in the present as well as the future economy of the country, his existence is inevitable. You cannot get rid of him. Therefore, why to worry about him! Only regulate his activities by stringent laws and all will be well. I shall request you, Sir, to read again the chapter of the Report dealing with regulation of moneylending. The Committee, after studying the history of the regulation of moneylending not only in India but also in foreign countries like America and England, where the people are educated and are capable of dealing with their creditors on equal footing, have come to the conclusion, that the regulation of moneylending is impossible by legislation, however, cleverly devised. Moneylender's ingenuity is able to evade every conceivable legal restriction. What is, then the remedy? Let me read a part of a small para from the Report.

"The experience of almost all countries including those where the standard of literacy is very high and where the public is in a position to deal with the moneylenders more or less on an equal footing, is that

regulation is seldom a success unless institutional credit is developed on a wide scale ; institutional credit alone, by force of competition, can prevent the moneylender from deviating from the fair dealings prescribed by the law. In an earlier chapter we have stated that co-operative credit is most suited for agricultural needs and have therefore stressed the need for developing it. We also recommend the immediate establishment by Governments in each Province of Agricultural Credit Corporations who should attempt to serve as an alternative agency to the moneylender. However, in view of the vast extent of the country and the large variety of conditions within it, we feel that attempts should be made to develop as varied a system of institutional credit as possible for financing agriculture."

It is in these settings that the setting up of Agricultural Credit Corporations was conceived and advocated. So long as the co-operative movement was not developed, it was clearly the duty of the Government to provide finance to agriculture at reasonable rates. The Committee could not think of any other alternative. I beg of you, Sir, to note with particular care that the Corporation of our conception is to be a competitor of the moneylender who, by virtue of his monopoly, exploits the ignorance and the need of the agriculturist. It is in no way intended to be the competitor of the co-operative movement. The Committee have emphasised this fact again and again in their Report, and it is indeed a pity that there should be still so much persistent misunderstanding on the point. The Report makes specific suggestion to eliminate all chances of competition between the co-operative movement and the Corporations. The Committee have even said that where the co-operative movement is strong enough to finance all credit-worthy agriculturists, Corporations need not be started. Sir, again, I crave your indulgence to let me read a small paragraph from the Report.

"As has been emphasised before, the development of the co-operative super-structure is very different from Province to Province and its strength varies from even district to district in some Provinces. It might however be that in some Provinces Government feels that the co-operative financial agencies are so strong and have such wide scope that all the work that we have indicated as in the sphere of the Agricultural Credit Corporation could be effectively taken up by the co-operative structure itself. In this case there would be no objection if a separate State Corporation is not set up, provided, however, that some means are found for making finance through co-operatives available to all credit-worthy borrowers. It follows that the co-operative structure in this case, would obtain the same measure and type of aids as those recommended to be given to the Agricultural Credit Corporation."

Thus the setting up of Agricultural Credit Corporations is a matter of necessity rather than of choice. Sir, the fact is that the agricultural credit

needs of our country are so huge that there is ample scope for the development of innumerable types of credit institutions. The more varied and the more numerous the credit institutions, the better it is for the agricultural economy of the country. In no country of the world Co-operation has been able to work up to a monopoly especially in the sphere of credit.

Before I conclude, let me request you to postpone your judgement on the Report till it is published and you have had an opportunity of reading it. It is unfair to the Committee to condemn their Report on an unauthorised summary appearing in the Press.

Rai Bahadur Brij Nandan Lal, (U. P.) :—Mr. President and gentlemen, I warn you that my friend has come in the garb of a simple visitor but he has come with the object of bombing this Conference. He says that the object of the Committee is to free agriculturists from the debts as the Conciliation Committees and the Debt Legislation that took place have not done anything. I tell you as one who has come in contact with those agriculturists in various capacities. I know these tenants more intimately than anybody present in this Conference and I tell you. Go to any village you will find that the debts have all gone—of the zamindars by the Encumbered Estates Act, and of the agriculturists by the high prices. There is hardly a tenant left now who has got a heavy debt to pay. My friend has come from a town and says that debts have not been cleared.

Mr. Rana Sher Jang Khan :—On a point of order, Sir, I belong to a village and I have worked for 30 years of my life in contact with the villagers.

Rai Bahadur Brij Nandan Lal :—It is quite possible that my friend was born 50 or 40 years ago. Now he says that this Corporation is not an alternative to co-operative societies but an alternative to moneylenders. At the same time he condemns co-operative societies. He says co-operative societies have not been able to achieve their object. What does it mean? Is he praising the Movement? If he had nothing to do with the co-operative movement why this criticism of the co-operative movement. I know he wants to bomb this Movement secretly. Now he says, there are only a small number of societies. Who is responsible for this? I tell you that it is his Government whose employee he is.

President :—You should not use personal remarks against each other or talk amongst yourselves. You should address the Chair. This is not good.

Rai Bahadur Brij Nandan Lal :—I was saying, what is the cause of this small number of societies. The question of compulsion was brought in. In other words, my friend agrees with compulsion. He says you cannot multiply societies without compulsion. If by compulsion you can create a good thing, then how is compulsion bad? In other words, he argues for

compulsion, the point which was raised this morning, and was supported by me. He says the agency they have recommended is the Land Mortgage Bank. I do not know whether zamindari will exist. If it exists then Land Mortgage Banks will be helpful, but if it does not exist, then where they will be. I also do not know the personnel of the Committee, but I think they were appointed by an irresponsible Government.

President :—This resolution has been duly proposed and Mr. Sher Jang Khan has placed the facts of the case, as appear to him, before us. They deserve our serious consideration. There is no cause to get into any excitement whatever. It is his opinion. Others are entitled to form their own opinions likewise. I would merely point out that it does not appear to me to be very necessary to prolong the discussion after one or two points have been made clear by me. He referred to the fact that the co-operative movement was not doing satisfactory work in quality or in quantity.

Forty years of the Movement have still kept the Movement in a child-like condition. Is the remedy to kill the child or to nourish it and bring it up to manhood? That is the question. The remedy, as the Committee has pointed out, he says, is that the co-operative movement should be developed. In it lies the lasting solution of India's credit problem; and yet while praising the co-operative movement the report says: "let us start these agricultural credit corporations", which will also mean, not for the time being, but for years to come, as a parallel organisation. The blemishes of the co-operative movement can be cleared out if necessary. I, for one, always see mistakes in our Movement. I am anxious also to repair the mistakes if I can, but I am not so much disillusioned about the co-operative movement as to preach an alternative. The resolution hardly requires any criticism. Co-operators assembled here probably have their own opinions about the value of their Movement in the sphere of agricultural finance. Why prolong the agony of discussion on a subject where most of us are agreed. However, if any gentleman wants to make any new point, he is perfectly at liberty to do so. I only request that the same points need not be mentioned by each succeeding speaker and a vigorous time-limit be observed. Our time is strictly limited and I do not know what any of you in my place would have done. You may leave it to me to judge whether a man is repeating anything or is making new points. If he is repeating I will ask him to close down.

Some members :—Sir, we move a postponement of the resolution till the Report is out.

President :—As I said this morning, we are not discussing the conclusions of the Committee but only the basic recommendation as announced in the Press, i.e., the establishment of agricultural credit corporations and I feel that there is nothing wrong in the all-India

Co-operative Conference assembling to-day and stating its views on that basic recommendation. I do not say, you condemn the whole report. The report is valuable. It is a careful analysis of the whole problem. Some conclusions are excellent. If co-operators in a co-operative assembly feel that a discussion is necessary, there is no reason why that discussion be delayed till the whole Report is out. The basic recommendation is as clear as daylight.

Ch. Ram Swarup Chaudhury :—I must first of all apologise to the whole gathering. When the discussion was going on I thought I would be in time here to speak, but then another friend of mine got up. My handicap is threefold. I feel that I am speaking after three very intelligent and experienced speakers. Mr. Sher Jang Khan of the Reserve Bank of India has had experience of the co-operative movement for the last 20 years with the experience of the Reserve Bank. Perhaps you know that he had been acting as Secretary of the Committee whose recommendation is under consideration. I am trying to explain that we should not try to belittle what he has said. After all, he is a distinguished co-operator who is trying to argue as a lawyer. Next to this my handicap is that the worthy President has given expression to his views before the discussion was over. This, I think, is hardly fair to the gathering. With these remarks, Sir, I wish now to express my personal opinion about the matter under discussion.

As you know, the Report of this Committee is not yet made available to the public and I must confess that this Report fell into my hands only for about 24 hours and I had no idea that this will be on the Agenda of this Conference and when the Agenda was circulated I was not lucky enough to get hold of this Report. Mr. President has already made it clear that probably the background of the recommendation of this Committee was either to supplant the co-operative organisation already in existence or improve it. Let it be as it is. I do not know what was at the back of the minds of the Committee when they recommended it. May be that they made this recommendation probably because they thought that the co-operative movement has now too much advanced to take cognisance of credit activities. This is one side of the picture. The other side of the picture is that the Committee probably thought that the co-operative organisation was not found sufficient enough to cater to the entire needs of the cultivators and they thought that however strong the co-operative movement may be, it was necessary for the Government to set up other agencies, other credit agencies in order to strengthen the credit agencies already provided for by the co-operative movement. If this was the intention of the Committee, I welcome it, and if the intention was to supplant the co-operative organisation, then, of course, all of us will have to take exception to this recommendation. This is now the factual position so far. The same Central Government, which set up this Committee, has appointed another Committee which is called the Co-operative Planning Committee. We must say that the Planning Committee

will have to take cognisance of the credit organisations now working in the country on co-operative lines, and, if the recommendations of that Planning Committee are contradictory to the Agricultural Finance Committee then, of course, there will be a ticklish position not only for the co-operators throughout India but also for the Central Government. It will be for the Central Government to find some *via media* in order to reconcile the recommendations of the two Committees. So I would request you by making this suggestion that, pending the recommendations of the Co-operative Planning Committee, we should not take cognisance of the recommendations made by the Agricultural Finance Committee. Our hands would be strengthened when the report of the Co-operative Planning Committee is out and pending that Report we should not pass any resolution either condemning the recommendation of the Agricultural Finance Sub-Committee or supporting that recommendation.

Rao Bahadur K. Subrahmanyam Nayudu (Additional Joint Registrar of Co-operative Societies, Madras):—My sympathies are entirely with Mr. Sher Jang Khan. We have not yet seen the Report nor have we yet made a careful study of it. We have not gone through the full report of the Agricultural Finance Sub-Committee. Therefore it would be unfair to pronounce a verdict on a report on which we have not made a careful study. It is rather strange that we should have been called upon to pronounce a verdict before all the facts are placed at our disposal. All the same, the Conference has been asked to consider the Committee's recommendation. I do not propose to attack the proposal on merits because, as I have said, most of you have not seen the Finance Sub-Committee's report, or the very able note of dissent, on this subject appended to the report of the Co-operative Planning Committee by two of its members. We do not know what form the credit corporations will take. But if the Conference proceeds to vote on this resolution, I propose to move the following amendment:—

Add at the end of the sentence: "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 following: "in Provinces where co-operative credit has not sufficiently developed,"

My reasons for the amendment are these. Perhaps some of you at any rate would have seen or read the report as I have had occasion to do. You will find that the Committee does not propose to set up agricultural credit corporations in *all* the Provinces. Now, in view of that important qualification which the Committee has made, I think my amendment is justified. The Committee says that if in a Province, the Government feels that co-operative financing agencies are so strong that they could undertake all the work which the Committee has intended, there would be no objection if separate corporations are not set up, provided that means are found for making finance through co-operative agencies available. In

view of this, I think there is no need to set up agricultural credit corporations in Provinces where co-operative credit has made considerable progress. I suppose my friends from Bombay and the Punjab will agree that they too will not require a third credit agency in addition to the age-long village moneylender—who needs, of course, to be controlled through legislation—and the co-operative credit system. In view of what the Committee have stated, I formally move that "in provinces where co-operative credit has not sufficiently developed" be added at the end of the first sentence.

Mr. Brij Ballabh Sharma, (Bharatpur):—I second the amendment.

Mr. C. K. Thaddani, (Sind):—I move that the consideration of this question be adjourned. I will give only one or two reasons. We lose nothing by adjourning the resolution. When the report is available and we are in possession of all the arguments and the facts of the case then we will be able to judge the proper setting in which the recommendations have been made. Of course, obviously it looks that they are not acceptable, but when the reports of both the Committees are published everyone will be able to judge the facts properly.

Mr. Brij Behari Lal (U. P.):—It will be creating a false impression about the attitude of this body. We have discussed this matter threadbare and if you are going to postpone it, Government will think that we are not whole-hearted in our resolution. This will give rise to the view that a majority of the persons were not opposed to it. As the voting will show, most of us, about 90 per cent of the delegates here, are opposed to the creation of this agricultural credit corporations. There is no doubt about the fact that it is certainly a death-blow to the co-operative movement. If the Government wanted to increase facilities for agricultural credit, then they could incorporate those provisions in the Co-operative Societies Act. But, to create a separate organisation is nothing short of taking an effective step to kill the co-operative movement. It is the rule that when you are unable to defeat an opponent you send a third rival. This is the case with Government. Government could not kill the co-operative movement and, therefore, this rival organisation has been created. What is going to be the actual effect of this organisation? The actual effect of this will be to kill the co-operative movement, and, therefore, we cannot but pass this resolution whole-heartedly and I appeal to delegates here not only not to postpone this consideration but to decide it over altogether. About the proposal of my friend that agricultural credit corporations may be established where co-operative credit societies are not well developed, that is another snare. Everywhere it can be said that they are not developed and, therefore, under this cloak rival institutions will be created and I recommend that it should be rejected.

Mr. G. K. Chitnis, (Co-operative Department, Baroda):—Mr. President, ladies and gentlemen. As yet we do not know whether the

Government of India have accepted the recommendations of the Committee. As such we also do not know whether they are going to put into force these recommendations. Under these circumstances, I recommend to the Conference to withhold this resolution till the next Conference for a few months.

Mr. H.R. Joshi, (Co-operative Department, U.P.) :—Mr. President and brother delegates. There was no necessity for me to speak here over the same subject but the one point which I want to put before the expert of the Reserve Bank of India is that he has given certain figures which are disputable. He says that the co-operative movement has touched only a fringe of the population. The present machinery has proved more or less a failure. He further says that the Movement has been tried and has failed and, even after 40 years of experience, it has not made any headway. I submit, Sir, that the co-operative movement has done much more than it could be expected to do within this period under the present circumstances. I may tell you that I started as an Inspector in the Co-operative Department. I was also in the Cane Department for 7 years and I organised that Department. I tell you that when the Government wanted that we should work the co-operative movement we showed a marvellous progress. In the U.P. there is a cane organisation that is catering for the requirements of 130 sugar mills working in this Province. The co-operative cane organisation is looking after the development and marketing of sugarcane which is a perishable article. We are handling about 18 crore maunds of sugarcane out of the total production of 20 crore maunds. This cane is supplied by about 7 lakh cultivators and not more than 10 per cent of them are now indebted to the *Mahajan*. I can say, from my personal experience, that if the big bosses do not handle the co-operative movement and allow the co-operators to work freely, the Movement will be able to do marvellous work and, in the next 5 years, you will see that there is no cultivator who is indebted to the moneylender.

Major Chhatari, (U.P.) :—In my capacity as Services Resettlement Liaison Officer, U.P., I am present at this Conference. It has rather been hard on me to know how non-co-operators, the conveners of this Conference, are. I think it is no use discussing certain resolutions about which we are not quite sure, the details of which are still in the embryo. If you think that it is not in the interest of the co-operative organisation and that it is going to bombard your own plans and upset the entire co-operative organisation, it is much better to wait and see and to prepare yourselves for a strong defence than to decide anything in haste at this moment. I, therefore, request that the consideration of this resolution be postponed till the Report of the Committee is out and we are in a position to meet after a couple of months.

Mr. Brindaban Das, (U.P.) :—The President, in his presidential address, and the various other speakers have made it clear in their speeches

that the creation of the agricultural credit co-operation would be detrimental to the interests of the co-operative movement. Therefore there should be no opposition to this resolution.

Rao Bahadur S. K. Yegnanarayana Iyer :—Mr. President and brother co-operators—You will remember that I merely formally moved the resolution on a bidding from the Chair. I am not ashamed to confess that I knew very little of the subject-matter. As the resolution was likely to be controversial and the general practice is that the resolutions moved from the Chair are accepted without a discussion, I took it upon myself to move the resolution. But, after hearing all the points in the course of the discussion, I am confirmed in my original idea which I got in an intuitive manner as it were. The President emphasized on certain points, and some of my friends, pointed out that it was a sort of injustice to the House that the President chose to give his own views. Well, May I take the liberty of warning that you Sir, could have spoken more effectively by vacating the Chair and putting somebody else in it? Sir, as you have suggested that only new points should be given, I give only two new points.

The first point is that, during these four decades, the co-operative movement has not progressed much. I do not say it has failed, but I must say that it has progressed very slowly. Is it suggested that an alternative organisation be brought into existence? I will take an illustration. Sir, you and I have been teachers for nearly 30 or 40 years. Take the statistics about education in our country. The Education Department has been doing this work for the last 10 decades. How much literacy has spread during this long period of time? Not more than 10 per cent of the population of India is literate at present. Does the remedy lie in having super schools because the progress has been very slow? Is it suggested that we should keep these things in cold storage as it were and put a super-school organisation to deal with literacy? Certainly not.

The second point I want to make out is that there is a fundamental defect in the co-operative organisation which we have been rectifying slowly. The beginners started with a very narrow point of view of life. They thought that, if the incubus of indebtedness could be removed, there will be heaven on earth and the land will flow with milk and honey. They started co-operative societies to remove indebtedness and they were successful to some extent. But what was the result? There were so many holes in the pocket of the cultivator. He was not getting his articles cheap; he was not able to sell his articles profitably; and there were so many other difficulties. We had to wait for years for the Linlithgow Committee Report to teach us in the two famous chapters on "Co-operation" and "Village life"; and that rural life is to be taken as a whole and not cut up into water-tight compartments. Now, after all these years the members of this Committee recommending this new organisation are repeating the old mistake. If indebtedness were abolished, do you mean to say that a

son would remain free from debt for more than a few years? There are so many causes for increasing the debt, his social habits and customs.

We do not know what is in store for us. Up to this time we were under the management of foreigners who had very little knowledge of our country. They were actuated by western ideals. Now the administration is coming into our own hands and the ministries may have to re-orientate the whole thing. We have to re-make our villages. Anyone who is working in the villages knows that the most effective agency for recuperating the village satisfactorily is the co-operative agency. We have not been given full powers and there are so many other difficulties. The villages have not been so strong as we would have liked them to be when our people take the reins of office into their own hands, that will be a right day for our co-operative movement. Our resolution has been carefully drafted. It is contended that let us wait till the full report is read. The report is ready. There is some Press announcement which has not been contradicted. It may be that the report is 50 per cent right and 50 per cent wrong. To the extent the report is not congenial to our movement, to that extent only do we condemn it. Suppose the report is published and we find that we have taken wrong action; we will apologise to them. Therefore to the extent information is available to us, let us condemn it. If the report is more or less on the lines as published in the Press we will condemn it more strongly. Anyway we condemn it now.

President:—The first amendment is that “the consideration of the resolution on the Agricultural Finance Sub-Committee’s basic recommendation be postponed to the next session of the Conference.”

The amendment was put to vote and lost by a large majority.

President:—There is another amendment moved by Rao Bahadur Subramanyam Naidu of Madras. At the end of the first sentence he wants to add “in Provinces where the co-operative credit has not efficiently developed”. Mr. Subramanyam, do you still wish to press your amendment?

Rao Bahadur K. Subramanyam Naidu:—Yes, Sir.

President:—The proposition is before the House with a slight amendment proposing rejection of the idea of the agricultural credit corporations only in those areas where the co-operative movement has been successful and where it has not been successful the agricultural corporations may be tried. That is the gist of the amendment.

The amendment was put to vote and lost.

President: I would like to give you one word of personal explanation. One of the gentlemen here remarked that I gave my views before the discussion was over. I was going to point out that I am not a speaker in a Legislative Assembly. As President, I have already given you my views in my presidential address, which preceded any discussion even in

the Subjects Committee and, I believe, it is the President’s duty to clarify the issues, if by so doing he can curtail or shorten the discussion. It is from that point of view that I tried to clarify the situation and not inflict my views. Since yesterday and this morning I have been saying that I am entirely in the hands of the members of this House. If you do not want to pass a resolution, which is disagreeable to you, that does not matter. What the House wishes I wish. I do not think I have erred in trying to shorten the discussion and keep it within reasonable bounds.

However, I place the original resolution before the House.

The original resolution was carried by a large majority.

Khan Mohammad Bashir Ahmad Khan:—The resolution which I am going to move reads thus:

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 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 are necessary before any action is taken by the Provincial and State Governments.”

The resolution is self-explanatory. The Planning Committee met some time ago, but its report has not been made available to us. We recently asked for this, but have not been supplied with a copy of the report so far.

Rai Bahadur Brij Nandan Lal (U.P.):—I second the resolution.

The resolution was carried unanimously.

President:—I call upon Mr. Akbar Ali Khan, to move the next resolution:

Nawab Mir Akbar Ali Khan, (Hyderabad, Dn.):—Sir, the resolution that has been entrusted to me to be moved in this Conference runs as follows:

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 also are 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."

I think, Sir, this resolution does not require much comment. Well, now as things are changing, it is high time that both these organisations are amalgamated as all—whether officials or non-officials—are devotees of the co-operative movement. There may be certain things which the non-officials may place before the officials and *vice-versa*. After all, the aims and the objects are the same. Therefore, there is no reason why the two organisations should do their business separately. It is a waste of time that they should meet separately and discuss things separately. I think it is time that we stressed the point that both these organisations be put into one and one Conference is held where all matters relating to the co-operative movement are discussed. I therefore place this resolution for the consideration of this House.

Mr. Ram Chandra Das, (Orissa) :—I second the resolution.

The resolution was put to vote and carried unanimously.

Nawab Mir Akbar Ali Khan :—Sir, the next resolution which is on the agenda will be part II. Part I of the resolution which I wish to place before the House runs as follows :

6 (a) FORMATION OF A CO-OPERATIVE POLITICAL PARTY.

"This Conference feels strongly that the time has come when a political co-operative party should be formed in every Province and State so that proper emphasis may be laid on the economic aspect and the cause of Co-operation may be further advanced. We believe that the progress of co-operative ideals will greatly improve the present political atmosphere and will bring along peace and happiness to the country."

I will read the second part of the resolution also and then would like to say something :

6 (b) 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 Chambers of Commerce and Industrial Associations by the grant of special constituencies."

I will take the first part of the resolution first. This year, a couple of months back we had an All-Hyderabad Co-operative Conference and there this proposal was made. There was a lot of discussion and opposition.

In view of the present atmosphere there were people who were not ready to accept anything else than the things which are at present under the Act, but still this resolution was accepted by a majority. Sir, we are now on the eve of independence. Whatever the parties have been we must admit that they have done great work and done great service to the country. There was no justification for them, except the necessity to take power from the foreigners into their own hands. But now that we are establishing ourselves in our own homes, the question is, are we going to go the same way and work on the same lines which if on the one hand has done great good has also done the greatest harm? You will agree that so many things were done which have done a great harm. So it is time that, instead of emphasising other factors, we lay stress on the economic factors which are more important and more real. My point is that now let us make a resolve in this All-India Co-operative Conference that henceforth we will have a co-operative party. If you believe the co-operative ideals, aims and objects, I think there is no reason why you should fight shy of having a co-operative political party which will be a *via media* and which will be the only party to fight communism and "isms" of the same character. My point is that now let us resolve that the time has come when we ought to be determined to have a co-operative political party and we will fight all other parties on the basis of the co-operative ideals.

Khan Bahadur Chisti, (U.P.) :—I second the resolution.

Rai Bahadur Brij Nandan Lal, (U.P.) :—It will be highly detrimental to the interest of Co-operation if we set up a so-called co-operative political party. In the first place, Co-operation has nothing to do with politics. It is for the economic betterment of the people. If you mix it up with politics, the result will be that any party which forms the Government is bound to oppose. Mahatma Gandhiji is for Co-operation. Every progressive Liberal and Talukdar is for Co-operation. Besides, in no part of the world, there is such a party.

Some members :—In England there is such a party. Mr A. V. Alexander, who is here in India, belongs to the Co-operative party.

Rai Bahadur Brij Nandan Lal :—I am definite that there is no party like this in England. So, under the present circumstances, such a party will be injurious to our interest.

President :—A co-operator from England is here and we would like to hear him.

Mr. Alan Wright, (England) :—I am a member of a Co-operative Society in England. In the first place, I should like to say that how pleased I am to be present at this All-India Co-operative Conference. I had no intention of meddling in Indian affairs, but I should like to say that I am above all a co-operator. There is definitely a Co-operative party in

England. It was formed after the last war out of necessity to protect the interests of the co-operative movement. Capitalism in Britain had its representatives in political parties. It was necessary for the co-operative movement to gain political power, though it was not their original intention. Now, it so happens that the Labour party, which is at present in power in England, is in accord with the co-operative movement and to fight the Conservatives we have joined and become associated to the Labour party. We are the third largest party in England. We have 23 M.P.'s and Mr. A. V. Alexander is the leader. Mr. Barnes, Minister for Transport, is also a Co-operative M.P. There are other members, Mr. Hudson, Mrs. Ridleagh, Mrs. Ganley, Mr. Norman Smith and Mrs. Tiffany. In England we have now realised the human value of the co-operative movement. I am sure that the resolution is a move in the right direction. In view of the independence which you will get very shortly you are bound to need such a party. If the party in power is in sympathy with you, you can merge with it.

Rai Bahadur Brij Nandan Lal, (U.P.):—Sir, we are very grateful to Mr. Wright for revealing that there is a party like the political Co-operative party in England. Frankly, I must confess that I did not know this before. I am sure most of us were as ignorant of this fact. I still feel that what Mr. Wright meant to say was there is no independent Co-operative party but that other political parties try to accommodate them by leaving some of their places to the party. So far as this question is concerned, we have a plethora of parties. Moreover independent parties are created with definite objects of politics. The programme which the Co-operative party has before it is already there in the Congress and Muslim League election manifestoes. If we start a separate political party, the result will be that it will be a party question and it will come into clash with all the other parties who will try to thwart our Movement.

Mr. Mohan Piare, (U. P.):—It is rather lucky that at this stage of the political situation of the country we talk of a Co-operative party. A Co-operative party must have a certain programme. I congratulate the mover for having thought of it at this particular moment when other programmes will not be enough to engage the Congress party. I think it is highly fit that a Co-operative party may be developed but then it is no good talking about it unless you pledge yourself to a certain economic level to which you will stick. Mr. Wright was talking about England. Incidentally, when we talk of the word Co-operation, we have to find out Co-operation of whom and for what purpose. In the circumstances if you agree to the formula that there should be the greatest good of the greatest number, you must have an economic programme. The people ought to be told that we need not rely on the survival of the fittest that we have to live and let live so that others allow you to live. All these things will force you to an economic programme.

Mr. Devaki Nandan Pandey, (U.P.):—Mr. President and delegates,—The present is the most inopportune moment for this resolution. The country has given its verdict about one party. Moreover, the economic programme is already in the Congress party election manifesto. So, taking those two facts into consideration, I feel that this proposal be withdrawn.

Mr. R. A. Aga, (Co-operative Department, U P.):—Sir, this country, as has just been said by a friend of mine, is full of so many political organisations and parties. To create another party would be really doing a very great disservice to the country. We know what these political parties are doing. We know what tactics they apply to gain their object. Ours is a different sort of work. It is purer and most sublime. Ours is not a party. We do not want a party. Ours is a brotherhood throughout the world over. We do not know any parties or factions, political or otherwise. We all are one. In fact, Co-operation is our religion. We are all co-operators, all over the world, not, in India alone. Our aim is to improve the social and economic conditions of the people. A friend of mine just pointed out that political power is very necessary to achieve these objects. But I think let every political party sympathise with us. We propose to have one party all over the world, that is the Co-operative Party. We do not want political power or seats. Let us work for the common good.

Nawab Mir Akbar Ali Khan :—Mr. Chairman, Sir, the first point was that there are so many parties and why should there be a third party. I really felt very much diffident when I came to move this resolution because I knew that in the present atmosphere of this country all sorts of things will be said. But my submission is that, if you have the interest of the country at heart and if you really want to change the trend of the present Movement towards a constructive channel, I think whatever may be the party they all will come with you. The future is with the economic party. So the fact that there are so many parties does not go against the resolution but it strengthens it. When there are so many parties, let us have a third party where we will see Mahatmaji and Qaid-E-Azam together. Do you not want to give the right direction to your people? Well, it is for you to decide. I think that the argument against my resolution was that we shall incur displeasure. I can understand that there are Government servants and officers who may think so many things. We do not want power for the sake of power but for the sake of fulfilling the ideals which are near and dear to us. I have not given the programme. It is too early. I have placed the question of the principle before you. If you agree, we can think about it later on. With these words, I do think that this resolution of the formation of a political Co-operative party deserves your sympathetic consideration.

The resolution was put to vote and rejected.

Nawab Mir Akbar Ali Khan :—I beg to move the second part.

6 (b) 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 States Legislatures. This is more urgent in view of the facilities and privileges enjoyed by the Chambers of Commerce and Industrial Associations by the grant of special constituencies."

I think that if the time is not yet ripe for the formation of the Co-operative party, you will not disagree with this resolution that at least you want some weight in Legislatures, Provincial or Central. So I commend this resolution for your approval as the next best resolution.

Mr. V. J. Patel, (Baroda):—I am seconding this resolution. In Baroda Legislative Council two seats are given to Commerce and Industry and two seats are given to co-operative societies. Not only that in District Local Boards one seat is given to the co-operative societies. These are all experiments but you can profit by them. I hope the resolution will be passed.

The resolution was put to vote and passed as resolution No. 6.

Rao Bahadur S. K. Yegnanarayana Iyer:—I formally move this resolution :

7. DE-OFFICIALISATION OF CO-OPERATIVE MOVEMENT.

"This Conference is strongly of opinion that Government should take early steps to indicate the change of policy in the working of the co-operative movement in the country and to declare progressive deofficialisation as its accredited Policy. For this purpose this Conference invites the attention of Governments to the need for (1) preventing Provincial 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 10 years continuously."

Mr. Daulat Ram :—I second the resolution.

President :—The resolution means that it is very necessary now that the Government should come to a decision on the question of de-officialisation and de-officialisation should be declared by Government to be their accepted policy. It is, however, not immediate de-officialisation, but it is progressive de-officialisation which ought to be the accepted policy of Government which we ask for in this resolution. What is the de-officialisation. The Co-operative Societies Act prescribes certain definite duties to be performed by the Registrar. No one can object to these and the

Registrars should perform these functions. They will perform these functions still better in the light of this resolution. But what is meant by de-officialisation is the gradual undertaking of functions which are not the statutory functions of the Registrar according to the Co-operative Societies Act, either in the All-India Act of 1912 or in the Provincial Acts, but which the Registrars somehow or other have been performing, such as inspection and supervision. The Registrar is empowered to supervise or depute his men to supervise the affairs of the co-operative societies only when an inquiry into the affairs is necessary under a certain section or an inspection on the demand of a creditor is made under another section of the Co-operative Societies Act. No Co-operative Societies Act gives power to the Registrar either to supervise or to inspect a society unless, in certain emergencies such as those which I have mentioned, the Registrar feels that there is something wrong with the society and that an inspection is necessary. So, the resolution asks that the Registrar should be prevented from unnecessarily encroaching and making these functions his own which the Statute never meant. Secondly, the urban co-operative societies are as a rule managed better than many rural societies. It is therefore time that the Movement should now adopt de-officialisation idea and put it into immediate practice at least in urban areas where the urban co-operative societies and banks have been doing very well. They might be formed into a federation and the federation might be asked to look after the supervision, inspection and so on. As I have said in my address, the Registrar may retain the power of occasional audit, occasional supervision to see that continued efficiency remains. For rural societies if for 10 years a society has been in A or B class obviously it is proof of its working satisfactorily. Mr. Rana Sher Jang Khan mentioned some figures. He said that about 10 per cent of the societies only are in A or B class. I do not mind if that percentage is 5 or 2, but if the societies are there then this encroachment also should not be there and there should be de-officialisation. The resolution asks for progressive, gradual de-officialisation and as an earnest of this intention asks for a declaration of policy by the Government to that effect. This is the meaning of the resolution. You are quite free, gentlemen, to decide in any way you like. You may press for stricter and stricter control, the Registrar getting additional powers. I have no objection. It is for you to determine. If you think, however, that a de-officialisation policy is necessary, the resolution gives you the handle for it to decide in any way you like.

Mr. G. L. Khular, (Kotah):—It is essential that the members of the co-operative societies and the co-operative societies themselves should realise their responsibility and should work on the basis of that responsibility. So long as there is official control and interference in the day-to-day work, like checking up their accounts, inspection and supervision, they, as a matter of fact, stand on others' legs. In order that they may stand on their own legs, they must be given the opportunity and the necessary independence to carry on their work independently of outside control. Unless

they are allowed to do that they will never learn to proceed cautiously and wisely. Gentlemen, the objection that is raised against this step is that our members are generally illiterate and ignorant; they do not know how to manage their affairs best. But we have seen that certain societies have managed their affairs very well for a number of years. They are self-supporting in the matter of finance. There is no harm and there is positive good if we give an opportunity to them to manage their own affairs. The co-operative societies are more or less democratic institutions and we must allow them to manage their affairs democratically. From this point of view therefore I support the resolution as it stands. But there is one thing that I object to in the resolution. The word Provincial is there. It means that the States are debarred. The word 'States' should be added.

President :—Whenever we use the word 'Provincial' we imply that it includes 'States' also.

Rai Bahadur Brij Nandan Lal, (U.P.) :—Brother Delegates, you will agree with me that complete de-officialisation of the Movement must take place one day. When you would begin it is for you to decide. Either to begin it to-day or 10 years hence depends upon you. The resolution says that we should begin it now. It does not say that there should be complete de-officialisation at once, but it certainly means that you should do it by gradual stages. Now de-officialisation can be done in two ways. Firstly, by reducing the official staff and gradually replacing it by non-officials. Secondly, by removing the control or replacing the control of the official staff. Now, as regards the increase of the staff, there will not be sufficient funds forthcoming. If the present plan of the Minister of Co-operation in the U.P. is to come into force, there will not be sufficient funds for you to have all officials working this Movement. You will have to have non-official people to work the co-operative movement. The idea of the Minister of Co-operation is to double the societies in a few years. It was recommended that Honorary Assistant Registrars should be appointed. That was not accepted by Government. My proposal is that as regards this de-officialisation in the form of adding honorary workers, you should appoint Honorary Assistant Registrars, Honorary Registrars, Honorary Inspectors, Supervisors, etc. You have to-day a large army among the Congress people who are working for political purposes. When the political work is over, when your object is gained, you can harness all these people for this co-operative movement. This will certainly mean a certain amount of unemployment among the Assistant Registrars and for that reason they need not be angry with me.

The second point which has been raised in this resolution is that the official control should be gradually reduced. I may tell you that even the co-operators among the officials sometimes disregard the advice of experienced non-officials. A certain co-operative society chalks out a certain plan and passes a certain resolution. Well, the Inspector comes and overrules it. So the control and supervision should certainly be relaxed and

the non-official opinion should generally be accepted. My submission is that the principle of the resolution is perfectly right and should be accepted.

Mr. H. R. Joshi, (Asst. Registrar, Co-operative Societies, U.P.) :—Mr. President and Brother delegates. Again there is a controversial question before you about the officialisation or de-officialisation of the Movement. I fail to understand when all the co-operators are sitting over here why this point should be raised before the House. Supposing I am a labourer. I am getting my wages alright. You have a right to say whether I am working alright or not. It appears to me that we are still thinking that we are slaves. We are very soon going to be independent. Just now it has been said that non-officials should be appointed Honorary Deputy Registrars. If my salary is grudging I am prepared to part with it. I submit that even the non-officials who are sought to be brought in shall have to be paid remuneration if they move about. We are not officers but servants of the masses. But I say, Sir, that when you have appointed me you should see that I work properly.

What I want to tell you is that there are District Co-operative Banks, and you have got their Managers. Do you mean to say that you are not going to pay their salaries? If the Registrar is an I. C. S. officer and if you do not like him turn him out. If paying of salary is a crime then de-officialise the whole Movement. The country has got to be fed. Even the *sadhus* have got to be fed.

Mr. Sajjad Husain, (U.P.) :—It has often been argued that de-officialisation is in the interest of the co-operative movement. But I am not here to criticise the genuineness of this remark. In fact, I believe that the ultimate goal of Co-operation must be freedom and voluntary supervision from all the parties concerned. But, at the same time, considering the conditions and the environments that are facing us today, I have to confess that the time is not yet ripe when de-officialisation should come in. There are people who quote the example of western countries where they say that people have voluntarily risen to meet their economic requirements. That is perfectly true. But when we see that we are going to take up reforms in many other spheres, economic, social, etc., then why should we not take up this particular aspect also? When we are taking up the management of so many other departments which, in fact, is the ultimate objective of the public themselves, why should a particular objection be raised to the co-operative movement being entirely carried out by the public themselves? Inspector as I am I have got a privilege and I can speak more authoritatively because I mix with villagers every day. When I go to a village I find that the villagers do not find time to attend the meetings called by me, though they waste their time in other things. How are you to remedy this thing? We have to do propaganda in the first instance. We have got to teach people the fundamentals of the co-operative movement. You should put up a picture of the co-operative

movement before him. These elementary things are not present in India today. As my predecessor has just remarked it is not the salary consideration. We do not require any salary; we do not require employment. What I say is that India is not yet ripe and that the people do not realise the importance of the co-operative movement. People have not understood how far the co-operative movement can prove beneficial to their interest. If we de-officialise the Movement just now, all our efforts of the past will come to naught in the twinkling of an eye. Therefore, I have come here to say that it will be very prejudicial and not in the interests of the Movement to throw out the entire programme of official control.

Rai Saheb Capt. Dalip Man Singh, (U.P.) :—Mr. President. Before this resolution was formally taken up, you very kindly explained what it meant. It never meant that all the Registrars of Co-operative Societies should be dismissed forthwith. It simply means that our co-operative institutions are not to remain under official control for ever. There is a time when a child has to be looked after very carefully. But as the child grows you allow him certain liberties. The more he gets the habit of learning things—and if he is able to do all the things himself—you do not interfere with him. Unfortunately in a number of Provinces and States it has been found that there is unnecessary interference by the officials of the Co-operative Department. For that reason this resolution very plainly says that only those co-operative societies which have been in A or B class for a number of years should not be under the same rigid control and discipline under which the ordinary newly organised societies are. So I do not see any harm in passing this resolution.

Rao Bahadur K. Subrahmanyam Nayudu, (Additional Joint Registrar of Co-operative Societies, Madras) :—I do not know, Sir, exactly what the intentions of this resolution are. You are all aware that under the Co-operative Societies Act, the Registrar has to perform certain functions, e.g., registration, audit, enquiry, inspection, etc. These are all generally the duties for which the Registrar of Co-operative Societies is responsible to Government and the public. It has been emphasised by more than one Committee of Enquiry or Commission that the Registrar of Co-operative Societies is intended to be a friend, philosopher and guide of co-operative societies and co-operators. Suppose I visit a co-operative society, see its working and make some suggestion for improvement. Is it taken to be interference with its working. We, in Madras, have long ago entrusted supervision to non-official agencies—local supervising unions. We are no longer responsible for the day-to-day supervision of co-operative societies excepting non-credit societies. We have formed local co-operative supervising unions consisting of 25 or 80 societies which are autonomous bodies whose duty is to supervise societies, improve their working and guide and advise them through paid staff. The Registrar of Co-operative Societies has no share in the day-to-day supervision of these societies. I do not know the exact conditions in other provinces. I am afraid

there is a large degree of official association with the management of co-operative societies in most of the North Indian Provinces and States. For instance, I am told that in the United Provinces the Registrar of Co-operative Societies is the ex-officio President of the United Provinces Provincial Co-operative Bank. Some of the Revenue Officers, probably Collectors or Commissioners, are also associated with the day-to-day management of co-operative institutions. Some of the Registrars are ex-officio Presidents of Provincial Co-operative Institutes. In Madras we have no share in the management of this institute. The Madras Provincial Co-operative Union is entirely managed by the non-officials themselves; President and Vice-Presidents are elected from among themselves. The Union carries on propaganda, education and publication of journals and other literature on Co-operation. Our inspection is confined to the inspection as defined in the Co-operative Societies Act. For instance, if things are going wrong in a co-operative society, certainly our duty is to suggest remedies and pull up things. Do you call it interference? Do you call it control? I say, gentlemen, this is not interference; this is not control. This is advice; this is guidance. You have the authority of a recent Commission appointed by the Government of India. I refer to the Famine Enquiry Commission, presided over by eminent men, one of them being the former Deputy Governor of the Reserve Bank of India.

In the report of that Committee they say: "Official guidance is absolutely necessary if the co-operative movement is to make satisfactory progress". You speak of autonomy. May I ask you in respect of what matter autonomy is to be given? Is audit to be given to the societies themselves? I should think I will not be misunderstood if I say that the resolution is misleading. I should like the thing to be more clearly defined. I would request the framers of this resolution to take into account the different conditions prevailing in provinces. We have met here from all over India. I do not want that a vague resolution of this kind should go from a responsible body like the All India Co-operative Conference. I will make two suggestions. Please make your intentions clear by defining the matters in respect of which you want "autonomy". Please also make it clear that conditions differ from province to province and where there is an undue degree of official control and interference, the question of de-officialisation should be considered. I request you to see that this resolution is suitably modified so as to bring about these intentions.

President :—It is now six o'clock and I seek your opinion whether we should continue the discussion or adjourn. This resolution is clear enough in itself. It is non-statutory functions of the Registrar only that are sought to be removed. Those functions which are statutory the Registrar continues to perform. It is only the non-statutory functions which are sought to be removed and that too progressively as a matter of policy to be attained after some years. Do you wish the discussion to continue or should we adjourn till tomorrow? So many speakers want to

speak that we cannot finish it. If you want to discuss it tomorrow we can adjourn it or we may put it to vote.

Ch. Ram Swarup Chaudhury, (Punjab) :—To my mind it appears, Sir, that in this resolution we are asking for what we have already got in our pocket. Gentlemen, we are very shortly going to get self-Government and have popular Governments in most Provinces. It would be up to our popular Governments to curtail the functions of the Registrars if they think it necessary. I think it is going beyond our province at this stage to pass a resolution of the kind we are passing and pending the formation of popular Governments in all the provinces we should not continue further.

Mr. C. K. Thaddani, (Sind) :—Sir, the words used in this resolution are "non-statutory functions". How can there be "non-statutory function"? There can be non-statutory duties. The statutory functions are laid down and apart from those functions if the Registrars poke their nose you can oppose them.

President :—Instead of saying "poking their nose", "non-statutory functions" has been put. What is the harm?

Mr. C. K. Thaddani, (Sind) :—I mean, Sir, that if the Registrar goes beyond the statutory functions laid down in the Act, he is poking his nose; and if he performs any action by poking his nose, his action is *ultra vires* and cannot be given effect to. Then what is this resolution? If he performs any action which is *ultra vires* then it is for anybody to take action through Government.

President :—Because we are weak.

Rao Bahadur S. K. Yegnanarayana Iyer :—Friends, I have appeared twice to-day on this platform and I am as anxious as you are to go out and have a bit of fresh air. So I would not take more than two minutes. So far as my Province (Madras) is concerned, there is absolutely no controversy at all. I am mentioning one thing. I joined the Movement in about 1917 and then I attended some of the Conferences. There were always speeches made by Ministers who came to open the Conferences, and by the Presidents who presided over the Conferences, about de-officialisation as being the one policy and the one ideal of the Movement. Now unfortunately after all these years you find the same thing. In 1928 we had our first Conference at Simla, presided over by Sir Lalu Bhai Samaldas. He mentioned this as a definite ideal for the co-operative movement and gave credit to Madras for coining that word. Now that ideal of de-officialisation has not been kept in view. You will find that most of the reports of Enquiry Committees and others have got a tendency to strengthen the hands of officials with a view to make the Movement more efficient. But in this the ideal of de-officialisation has not been kept in view. I want that the ideal which we had in mind about 30 years ago, which was repeated at the first Conference in 1928 by no less a man than Sir Lalu Bhai

Samaldas be again brought to our view and kept steadily as our ideal. We may keep that ideal and march towards it and I will mention only two things. The best of Government is no substitute for self-Government and it was Lord Rosebury who said that Co-operation was a "State within State" and that it would enable us to develop new capacities and these would be frustrated if you do not keep this ideal of de-officialisation in view. I am sorry that it is vaguely worded. Those officials who feel that they do not answer our description need not worry. It does not affect them at all. It is only where the officials are not friends, philosophers and guides that this resolution will affect them. Officials in our Province have nothing to fear.

The resolution was put to vote and carried by a large majority.

The Conference was adjourned at 6-20 p. m., to resume its sitting at 11 a.m. on the following day.

The Subjects Committee again met from 8 a. m. to 12 p. m. further and drafted resolutions for the Conference.

APRIL 21, 1946.

The Conference resumed its sitting at 11 a.m. on 21-4-1946.

Capt. Rai Saheb Dalip Man Singh :—Mr. President, ladies and gentlemen. The resolution which I have been called upon to move runs as follows :

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 efficiently developed in them qualities of discipline, regard for duty, 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 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 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 colonization, small industries

and workshops, construction of public works, running of motor transport, etc., which in addition to ensuring maximum efficiency in output 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."

Gentlemen, you know that before the last War the total number of men in the army was about 2 lakhs. It has now increased to about 45 lakhs. Certainly a poor country like India cannot afford to maintain such a huge army and so the vast majority of these men have to be demobilised. We have a regular scheme and large number of officers and other ranks are being regularly released. While in the army special efforts were made to train these men in some particular trade. Now efforts have also been made to procure some employment for the men, but certainly it will be impossible to have posts for all these men. For that reason it is highly necessary that our co-operative institutions should afford them an opportunity of having practical training in co-operative work. Gentlemen, I assure you that during the last 3 years that I have been in the army I have noticed that military training has had a wonderful effect on our men, on their habits of regularity and punctuality. Now it is for us to utilise their services. You will find that a villager who was quite illiterate and who has been in the army either as a fighting soldier or in any other service has benefited greatly by the training he has received in the army. We have an elaborate scheme for the education of men. I was an educational officer in the army. We wanted that even our *bhistis*, *dhobis*, sweepers who were illiterate should know something of reading and writing. And we have been successful in this. Now after the cessation of hostilities we have in all regimental centres very elaborate arrangements for teaching some trade, like basket making, weaving, niwar making, etc. But merely teaching them these things will not carry them any far. For this reason it is highly necessary that we must make some arrangements by which their services may be properly utilised and co-operative societies are the best institutions which can help them in this work. Through co-operative societies they will be able to get raw material for manufacturing the articles which they have learnt to make and at the same time through co-operative societies they will be able to dispose of those things which they produce. Gentlemen, I am told that if we are not going to utilise the services of these soldiers properly it is just possible that they might be persuaded to join other people, gangs of dacoits and others and there they will be as efficient as they are in these civil works now. I am an advocate and from personal experience I tell you that a young soldier of the last war somehow or other was not in the good books of the police. He was a very honest and a very hard-working man. The result was that he was sent to jail and there he remained for about 9 months in the company of dacoits. When he came back he organised a gang of dacoits. The result was that he was a terror in the locality. He had a number of murders and dacoities to his credit with the result that Government had to announce a reward of Rs. 2,000 for

capturing him. He was ultimately captured and tried. Now he is undergoing imprisonment for a term of 180 years. So these soldiers, instead of doing very useful work, setting a very good example to their fellow citizens and working in a team spirit and in a co-operative spirit and giving the benefit of their training, if their services are not utilised properly, might do a lot of mischief. So, gentlemen, I ask you to have them in your view. I assure you that in my army life I have found these military officers and even the service personnel more civil than our civil service men. If you will handle these army men properly they will be of very great help to you. By their help you will be able to organise the scout movement, the girl guide movement, etc., in the villages. The future uplift of our country is mostly in the hands of the trained soldiers provided they are properly utilised.

Nawab Mir Akbar Ali Khan :—I second the resolution.

Rao Bahadur K. Subrahmanyam Nayudu, (Additional Jt. Registrar of Co-operative Societies, Madras) :—Gentlemen. It seems to me that the only justification why I have been called upon to second this resolution is the fact that the Madras Government have already taken steps in the direction indicated in the resolution placed before you. They have already formulated proposals for employment of ex-servicemen on demobilisation. The Madras Government propose to employ men with a rural or with agricultural bias, on land colonisation. For those who have had some technical training and propose to settle in towns, two other schemes have been worked out—co-operative workshops and labour contract co-operative societies. One of the Commissioners of the Board of Revenue is in charge of the schemes and is working out the details. As regards land colonisation societies, the idea is that, instead of giving the ex-servicemen plots of lands individually as was done after the last war, it is now proposed to take large blocks of land, divide them into plots and then hand them over to ex-servicemen for cultivation. They will not be given the ownership of the land. The ownership vests in the society. The colonists have to carry on cultivation according to the directions and instructions given them from time to time by the officers of the society. If they fail to carry on cultivation according to the method laid down, they are liable to be evicted. They are entitled to nominate heirs to succeed them but they have no right to mortgage or dispose of the land. The Government propose to meet the entire cost of reclamation; and after the reclamation is over, the Collector of the district concerned selects the ex-servicemen and a co-operative society is formed. The entire administration thereafter vests in the co-operative society for ex-servicemen. There are also proposals for the formation of labour contract co-operative societies. Already a society has been formed and road construction and repairs work has been entrusted to it. Another society is proposed to be formed in Madras City. It is proposed to organise co-operative workshops for ex-servicemen who have had technical training. The fourth scheme relates to the training of the more

literate of these men in co-operative training institutions. It is proposed to give them both a short-term course of three months and a long-term course of 9 months with a view to their employment in non-official co-operative institutions and in the Government Department of Co operation. These are broadly the four schemes that have been formulated by the Government of Madras in consultation with the Directorate of Re-settlement. Some of them have already been put into effect and it is the intention of the Madras Government to give full effect to these schemes. I have very great pleasure in seconding this resolution.

Lt. Col. N. V. Bal (Directorate of Re-settlement):—Mr. President and brother Co-operators, I do not want to take up much of your time, but I think it will be opportune if I give you a background picture of how the army looks at this Co-operation. As a representative of the Re-settlement Directorate, General Headquarters, which deals with the problem of resettlement of ex-servicemen by preparing them, prior to their release, for the change over to civilian life, I welcome the opportunity of being able to address you. There was a note which was circulated yesterday and which, most of you I hope have had seen, gives in detail the type and nature of the training which is given to these people while in the army. Our effort in the service is to inculcate the spirit of co-operation. But inevitably the co-operation as understood in the civil and co-operation that could possibly be practised while in the services may not be of the same nature. That is a big difference which we have to determine. The average ex-soldier is happy with the realisation that in hour of need he did come forward and contributed his very best for the service of the country. His only desire now that the war is over is to further continue his contribution when he returns to civil life. That I would say is the only aspiration of his, that is to be useful to himself, his brothers and his countrymen. Now, in aspiring to make this contribution and take his rightful place in shaping the destinies of the country, the ex-service men do not claim any special rights and privileges. Please do mark that we do not stand and do not come and say we want special rights and privileges. We want to play our part in co-operation with you. The ex-service man is, however, apprehensive because he thinks that his intensions may be misjudged because his ways and manners may not be properly understood and because he may be inclined to be a bit impatient with the things as he finds them on return to civil life. The man in the Services has seen vicissitudes of life and his active service condition has taught him to summarily discard the 'will do' attitude. He will not stand that attitude. He has been taught to try and get what he wants, cost what it may and that is going to be his attitude. He is stubborn, almost defiant at seeing things which he fails to understand. He is prepared to pay the price with his own sweat and labour if necessary. He is prepared to pay the price in order to get the best. His ambition is to give his fullest co-operation in achieving the object. Now, high qualities I maintain, of character and of leadership should be the dream of any person

who aspires for the betterment of his country. There is one danger in this, the possibility of misunderstanding the soldier. He has travelled far and wide and talked with many. He has lived under the same canvas with different people, the Malayans, the Germans, the British and last but not the least with our friends, the Americans and the Chinese. He has seen them working. He has studied their institutions and he is not going to be satisfied with things as they were when he left his home. Here then I see positive danger of misunderstanding. The returned soldier carried with him such potentialities which are good for the prosperity of his country. As I have said before, the ex-serviceman does not stand for any special rights and privileges. But surely he demands every sympathy from one and all, not of the type which you show to a person suffering from a malady. That is not the sort of sympathy he wants. But he wants sympathy which flows spontaneously out of a clear recognition of common brotherhood, working for one cause. The objectives may differ, but our cause is one. I demand of your co-operators therefore one indulgence and that is accept this ex-serviceman with his qualities and possible faults, and, as a friend of mine once said, if you show him an iota of sympathy and understanding he will follow you like a dog faithfully.

Mr. Mohan Piare, (U.P.):—Mr. President and friends, it is hardly necessary to comment on this resolution which is before you, but I wish to make one amendment and that is that ex-servicemen ought to include discharged men from the Indian National Army. I do not suppose any Indian today would like to oppose this particular amendment. The resolution as such should be passed with this particular addition that ex-servicemen would include men of the Indian National Army.

Mr. Brij Behari Lal:—Friends, I wish to support the amendment which has been moved by my friend. Here you are going to give the benefit of co-operative institutions to ex-servicemen. That is quite good. There can be no objection to that. Similarly the benefits may also be given to I.N.A. men who, we all know, are also unemployed these days. We all know that the Government have taken a very lenient view of their conduct. However misguided they may be said to be, there is no doubt about their sincerity and patriotism. As you are going to give the benefit of co-operative movement to the ex-servicemen of the army the same benefit should be given to the Indian National Army men who have done nothing not to deserve this benefit. So I plead that this resolution should be amended to include the Indian National Army men also.

The resolution as amended adding "including I.N.A. personnel" after the word "personnel" in parts (a) and (b) was accepted.

Mr. V. P. Varde, (Bombay):—The resolution I move runs as follows:

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."

At present the co-operative banks, whatever the capital and whatever the standing, are not included in the list of scheduled banks and as such they are labouring under certain disabilities. As you know when the recent Demonetization Ordinance was issued all the banks were included, but the co-operative banks were not sent any note or copy of that Ordinance and it applied to all co-operative banks equally because they were not in the list of scheduled banks. The Reserve Bank and the Government of India did not take any notice of this. The other thing is that for remittance facilities and for deposit and the application money of joint stock companies, only the scheduled banks are mentioned or the approved banks with a working capital of 2 crores of rupees. The Urban Co-operative Banks, even though they are of 25 or more years' standing, are not taken note at all. My submission is that they should be included if they make an application. Why on application? Because certain Co-operative Banks may not like to be included for the reason that under the Act they are required to deposit with the Reserve Bank a certain amount in proportion to their deposit and time liability. That is the reason why when the Reserve Bank Act was discussed in the Assembly the late Hon'ble Mr. Ramadas Pantulu wanted an exemption. Instead of giving that exemption, the Co-operative Banks were excluded altogether and that is how the Co-operative Banks with large capital and even though they are doing all kinds of banking business are excluded from the list of scheduled banks.

Mr. C. K. Thaddani, (Sind):—Friends, I am partly responsible for bringing in this resolution here this morning. What happened during the days when the Demonetization Ordinance was issued was this: that after the notes were demonetized the Reserve Bank of India issued new forms and those forms were to be filled in and notes of Rs. 1,000 and Rs. 500 were to be exchanged. The power was given to the scheduled banks to accept those forms and pay money to people, but the Provincial Co-operative Banks, although in many cases they were bigger than the scheduled banks, were not given power to exchange notes. That was a great handicap and I brought this fact to the notice of the Bombay Provincial Co-operative Bank. It is for this reason that we have taken up this question. It is in all fairness that the Provincial Co-operative Banks at least or banks that have a share capital of more than Rs. 5 lakhs should be considered and given all the facilities that are usually given to the scheduled banks.

Mr. Rana Sher Jang Khan:—Mr. President, ladies and gentlemen. The Provincial Co-operative Banks in India already enjoy substantially

the same status as the scheduled banks without corresponding obligations. The corresponding obligations are that a scheduled bank has to deposit a certain part of its deposits free of interest with the Reserve Bank of India and there are also penalties provided in the Act for continued defaults and provision for inspections by the Reserve Bank of India. The only additional privileges that the scheduled banks enjoy are two: One is under section 17 (2) (a) regarding the discounting of commercial bills. The other is under section 17 (3) (a) and (b) regarding the sale and purchase of sterling and foreign bills. So far as the discounting of commercial bills is concerned, the last Registrars' Conference requested that the privilege should be extended to Co-operative Banks and the question is under our consideration. As regards purchase and sale of foreign bills and sterling, I do not think the Provincial Co-operative Banks are interested in it. Sir, if you are declared as a scheduled bank, you would hardly get any new privilege that may be worth your while. But you will have to come in for a number of obligations and it will be for you to consider whether it will be worthwhile for you to claim that status. I would advise you not to press that point because you are already getting almost all the privileges which are enjoyed by the scheduled banks. As regards the Central Co-operative Banks, it would not be in the wider interests of the co-operative movement to have them declared as scheduled banks. The banks will have to place a part of their deposits with the Reserve Bank free of interest without getting any additional advantages. But a more serious objection to this is that if Central Co-operative Banks are allowed to deal with the Reserve Bank of India direct, it will undermine the status of the Provincial Co-operative Bank as an apex bank of the province. The only consideration on which this demand seems to have been based is to avoid the commission which would accrue to the Provincial Co-operative Banks for the business transacted through it. So, I would advise you not to pass the resolution so far as it relates to the Central Co-operative Banks.

Mr. V. P. Varde, (Bombay):—I was not referring to the facilities given to the scheduled banks and which are denied to the Co-operative Banks under the Reserve Bank of India Act. I know that the Reserve Bank has prepared a list of Co-operative Banks giving facilities more or less on the lines of scheduled banks, the necessity of depositing a certain percentage of the due liabilities is still there. I mean we have got to deposit and still we do not enjoy in the eyes of public the status of a scheduled bank. I am referring to other advantages. In the Indian Companies Act it is laid down that when a company is floated the allotment money has got to be deposited with a scheduled bank. The name of a Provincial Co-operative Bank is not mentioned. We do not get the advantages of the deposits. Similarly, contractors are required to bring certificate from a scheduled banks. When the Provincial and Government of India loans are issued, they say that brokerage will be paid to scheduled banks. But Provincial Banks and other Co-operative Banks doing all kinds of

business are excluded. When banks are thought of, they say scheduled banks and my point is that Co-operative Banks should enjoy the same status and prestige in the eyes of the public. As my friend, Mr. Rana Sher Jang Khan has stated, the amendment of the Act will be required. If my resolution is read carefully, what I said is that every Co-operative or a Central Bank which satisfied the Reserve Bank should be included in that list. I do not say that every district bank should go and get those facilities from the Reserve Bank. I am only suggesting that such Co-operative Banks which feel competent and which are in a position to have that obligation may apply to the Reserve Bank. But the Reserve Bank of India Act, as it stands at present, does not authorise the Reserve Bank authorities or the Government of India to include a Co-operative Bank. So, that disability should be taken away. After satisfying that a Co-operative Bank is quite fit to be included in the list of scheduled banks, it should be included in the list.

The resolution was put to the House and passed.

Mrs. H. S. Gupta, (U.P.):—It is not without a feeling of diffidence that I come on this platform to address such a distinguished gathering as this. I have had the privilege of attending several co-operative meetings and I was looking forward for an opportunity that I may one day be able to address my fellow brothers from all over the land. I essentially feel that I am an Indian woman of India and not of one province alone. As such, I take my stand here and I place our little affair today. I wish to bring this resolution before you:—

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."

These are the two simple resolutions which I place before the House to-day. I think that there would be no cause for the House to be divided on these resolutions. I may hardly remind you that the female population of India constitutes 40 per cent of the total population and we women have the privilege of modelling and modifying the action of men whether they are political or religious. But how much attention has been placed on the education of women in order to befit them for this important work? I have followed the address that our Rai Bahadur P. N. Sapru, Chairman of the Reception Committee, read before us the other day. He has divided the programme of the Co-operative Department into three heads and I was amused to see that, as usual, the women are

excluded out of that programme. Then, again, I was consoled when I followed the address read out by our worthy President. He first reviewed the world situation in which he drew a vivid picture of what we are all undergoing and the change in which we are all engaged at present. He stated that Co-operation is perfectly a voluntary association of people for economic betterment on the basis of thrift, mutual help and self-reliance. Self-reliance was the thing that struck me. But I thought how self-reliance was to come? It is easy to claim self-reliance on paper. But what are the steps that are being taken by the co-operative movement to prepare us for this wonderful thing? I am glad to say that you have got the Co-operative Education Scheme before the House and that there are various things that are being brought up there. Then it says that the success of Co-operation must very largely rest upon the quality—educational and cultural—of the human material. If this is so, then women certainly must figure at large in this Movement. If I am still privileged to speak again, I shall place before you definite proposals. I only wish that you may please allow these Unions to be formed and then an all-India Union may also be formed.

Mr K. C. Banerji, (U.P.):—I second the resolution. There should be a department of ladies. That is all I would like to say.

Mr. S. K. Dutta, I. C. S., (Registrar, of Co-operative Societies, Assam):—With due respect I am going to oppose the proposal and I hope the House will agree with me that, when the honourable proposer was speaking about Union, she, in fact, was stating a revolutionary proposal of disunion. In the present mood of the country with Pakistan and Sikhistan and what not I do not see why there should be a 40 per cent further division. We all agree that women's movement has not received proper encouragement in the different provinces and I think that the answer is to concentrate more on the development of women's societies and associating the ladies in all branches of the department and in all spheres of activity. If they want 40 per cent, let them have 50 per cent. But I do not think that a separate organisation solely of women would be of any use. I recommend, ladies and gentlemen, to have dispassionate and cool thinking before you vote.

President:—It is hardly necessary now to have more speakers on a subject of this character. It is for you to decide whether you would like to have women's organisation separate or not. Whether we should have men's and women's organisations separate, is for you to decide. I, for one find that not only in the U.P. and the Punjab where there is purdah system but even in Bombay and Madras where they have no purdah at all, women have not been taking part in the co-operative movement. If the principle of compulsion is applied in Co-operation, women may also be compelled. But I as an advocate of voluntary Co-operation do not like it. However, I feel that there is nothing lost by an attempt at bringing more women into the co-operative fold. Co-operative unions for women in the

provinces and an all India Union will probably infuse greater enthusiasm among our educated sisters. If you go out in the villages, you have little chance of being heard but if ladies go out in the villages, probably they stand a better chance. I was greatly pleased to see the Institute organised by Mrs. Gupta here in Lucknow. Let them have a separate organisation and, in course of time, we can have men's and women's unions together. But what is the harm if we have separate Unions for the present?

The resolution was put to the House and passed.

Rao Bahadur S. K. Yegnanarayana Iyer, (Madras):—I beg to move that:

11. FOOD SITUATION AND CO-OPERATIVE MOVEMENT.

(a) "This Conference is of opinion that Government should lay it down as a definite policy to associate more closely co-operative organisations in its "Grow More Food Campaign", procurement and distribution schemes.

(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."

As a long and healthy discussion has already taken place on this subject I think the resolution now proposed does not require any speech and I hope that it will be accepted.

Mr. Brij Behari Lal, (U.P.):—There is nothing objectionable in the resolution as moved. I have only an amendment to it. I know probably this amendment may not command the support of the entire House but still I consider it my duty to put it before the House. My amendment is this. I propose that for part (a) the following be substituted:

"That, as in reality there is no scarcity of food-grains in the Provinces or in the country as compared with normal years and as the shortage of food-grains in the open market is due to the stealthy withdrawal of large quantities of food-grains by the Supply Department licencees for sale in black market, Government should do away with rationing altogether. But if this be not found possible for any reason, Government should lay it down as a definite policy to associate more closely co-operative organisations in its "Grow More Food Campaign," procurement and distribution schemes."

My point is this. As the worthy President pointed out last evening, there is absolutely no truth in the allegation that this country is short of food. But we find that Government experts go on saying that there is

food shortage. They compare population figures with the acreage of production and say that the food produced is not sufficient to meet the demands of the public. But this assertion of Government experts is based on wrong figures. They have taken their figures from the Rationing Department. In fact we have to-day an artificial inflated population figure. In my own town before rationing, the population was 22,000. During the rationing it has gone to 40,000. It is an artificial inflation of figures. And why? It is not really an increase in population because every time the Rationing Department asks for figures, a family which has got three members gives a return of six members. In this way every family goes on increasing the total number of its members. The result is that if there are 10,000 families consisting of about 20,000 members, they give a return of 30,000 members. This is the reason why Government go on saying that the population has increased. It has only increased artificially on paper. The food produced in this country is quite sufficient to meet the demands of the population. The real reason why food is so less to-day is that Government Rationing Officers and Supply Officers give licences for the distribution of food-grains to *Banias* and licencees and not to co-operative societies and these *Banias* and licencees go on stealthily withdrawing the food-grains for sale in the black market. They rest assured in the belief that no Supply Officer will take action against them because probably most of them are in their pay. So, unless this rationing system is not done away with, you cannot have sufficient amount of food to feed the people in this country. So, there is no real shortage. Therefore, I propose that, in the first place, we should recommend to the Government to do away with the rationing system. If for any reason this is not possible, they should lay down for entrusting this work to co-operative societies. We will purchase the grain and the cultivator will gladly part with the surplus of his produce. Our worthy President said that procurement should not be done through co-operative societies because procurement is not popular work. I think that the unpopularity lies in the fact that procurement officers want more grain than the tenants can spare. So my proposal is that if rationing is not discontinued, procurement and distribution should be done through co-operative societies.

Dr. K. L. Ganguly, (U. P.):—Mr. President, I wish to propose the following amendment:

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."

This is the point I wish to place before you. This may be substituted for part (a) of the resolution. I think I need hardly speak about it.

President:—It is more definite than the original proposal.

The House accepted the amendment proposed by Dr. Ganguly and the resolution was passed as amended.

Mr. P.I. Belliappa, (Coorg):—Mr. President, I wish to move the following resolution:

12. APPOINTMENT OF NON-OFFICIALS TO POSTS IN
CO-OPERATIVE DEPARTMENTS.

"In view of the fact that full advantage is not taken of the co-operative knowledge and talent of experienced co-operators of this country, and practically all the Registrars, Deputy and Assistant Registrars of Co-operative Societies are selected from the ranks of the I.C.S., P.C.S., or Inspectorate of Co-operative Department, resolved that suitable well-qualified non-official gentlemen, who have devoted their lives to the noble cause of Co-operation, be appointed to these posts, just as a definite number of Judges of various High Courts and Federal Court are selected from among the practising Barristers and Advocates."

This resolution is self-explanatory. I do not think that I need take much of your time in giving cogent reasons for the resolution. It is a fact that both the officials of the department as well as non-officials are doing this work for the love of service to mankind. But there is a slight difference between the two. In the case of non-officials, it is the love of the people and service that is the motive they have, but, in the case of officials, the motive is the love of service to the Government and also to the people. This difference we have to appreciate. The love of service for man is a better motive than the love of Government service and of people. I, therefore, say that the valuable knowledge acquired by the non-official workers in the field of Co-operation should also be utilised by Government. We feel that eminent co-operators, who are much better fitted to occupy these posts, are not given an opportunity. They are not anxious to get Government service but they are anxious to serve the people. Now, when the National Government is coming to power throughout India, it would be in the fitness of things that non-official workers also are allowed to work for the uplift of the down-trodden people. With these few words, I commend the resolution for the acceptance of the House.

Mr. K. C. Banerji, (U.P.):—I second the resolution.

Mr. M. R. Bhide, I. C. S., (Registrar of Co-operative Societies, Punjab):—Sir, I would like you to read this resolution with a certain amount of care and understand its implications. There are certain posts in the Co-operative Department in every province starting with Registrar and ending with supervisors. These persons have various functions to perform—most of them being administrative in character. Regarding the management of societies, every society has a managing committee with a President and a Secretary and almost without exception these are local non-official

leaders of the co-operative movement. Normally speaking, the department supervises the work of a society, audits it once a year and makes periodical inspection. As long as the general provisions of law in regard to finance and audit, etc., are followed there should be no interference by any of these officers with the work of the society, but if there is anything wrong with the societies, these officers have to take action and point out the irregularities and see that the societies carry on the work properly. All these things have been discussed at great length in the Co-operative Planning Committee, of which Dewan Bahadur Hiralal Kaji and I were both members. It has made certain recommendations and I hope that when its report is published it will be very helpful.

It has been complained—and rightly too—that officers are appointed in the Co-operative Department without adequate knowledge of the subject. But, here, I submit that the solution does not lie in appointing non-officials to these posts but in seeing that when a person is appointed as a Registrar he is adequately qualified and trained. In my own province, the procedure is that every I.C.S. officer posted to the Co-operative Department has to undergo a course of training of six months. Having done that he is appointed as Deputy Registrar and has to do his full term of three years as such. After that he might be posted to a district for a time or might be appointed as Registrar and do five years. So, normally speaking, unless there are special circumstances such as non-availability of officers, etc., every officer of the I.C.S. has to undergo a training period of three and half years before he is appointed as Registrar. Similar restrictions regarding training, I understand, exist in other provinces.

I do not think non-official co-operators would like to undergo such departmental training. So I request you, Sir, that before you accept this resolution you should realise all its implications.

A Voice :—Why? The Registrar of U. P. had no training.

Rai Bahadur Madhusudan Das (U.P.):—Mr. President and brother co-operators, I have come here to oppose the resolution. I am one of the honorary workers and so it may be taken as a bad job for me to oppose this resolution, but my conscience has prevailed upon me to say something which is just and reasonable. I have to say a few words in this connection that honorary working for even 30 or 35 years cannot make a man fit for the work on the table. Unless an honorary worker is prepared to devote and work whole-time—and there are very few such honorary workers—they cannot be as efficient as a paid officer. So what I would suggest is that the non-official workers should only content themselves with making suggestions based on their experience and the day-to-day working of the Department should be left in the hands of the officials. We do not want that officials should not be there to audit the accounts of the societies, to inspect them and see that they are working properly. It is our weakness that we have allowed these officials to overshadow us and do what they

like to do. It is our duty that we should exert our powers and make the officials do what we want.

President :—Apparently this question has not met with universal acceptance, nor would it probably be rejected unanimously. I, for one, feel that a resolution of this sort will carry any weight only if it is passed unanimously. If there are some dissentients we had better withdraw the resolution.

I think the resolution as it stands is not properly worded and its meaning is not clear. I think it is not the intention of the framer of the resolution that all Registrars of the I.C.S. should be turned out and only experienced co-operators should jump in their saddle. The only idea, as I understood last night, when this resolution was accepted by the Subjects Committee, was that the posts in the Co-operative Department, particularly the senior posts, should not be reserved only for the members of I.C.S. or P.C.S. but should be thrown open to others also, if they deserve. I think if you change the wording of the resolution to mean that non-official co-operators be also eligible for appointment to these posts, then the meaning would be clear. People who have devoted their lives in this work and are duly qualified should also be eligible for appointment to these posts. It should not be the monopoly of I.C.S. officers. If an I.C.S. officer can be trained to be a Registrar, a non-official can also be so trained, provided he is otherwise fit. Merely because he does not belong to a particular service should not be the ground for not appointing him. I would again recommend to this Conference that if they cannot carry this resolution unanimously it is better to have it withdrawn.

Mr. Brij Behari Lal, (U.P.) :—Friends, it is quite true that the resolution appears to be rather unhappily worded. It was not, I think, the intention of the framers of the resolution that the senior posts in the Co-operative Department should be made the monopoly of the non-officials only. What was intended to convey by that resolution was that non-officials of ability and merit should also be eligible for appointment to these posts and I do not see how any valid objection can be taken to this contention. Sir, some of my friends have gone out of their way to say that non-officials will prove failure because they have no training in administrative work. I think the history of this country belies this assertion. It is not proper to say that non-officials, however able they may be, cannot be expected to discharge the duty of administering the Department successfully. My opinion is that, as the President has remarked, the resolution should be so amended as to mean that non-officials should also be eligible for appointment to all these posts. This will not in any way impair the quality of the work of the Department. In fact, there is a Movement already working in the whole of India that the duty of administering the Departments should not be entrusted to men who have spent all their life in service. I quite remember the vehemence with which those gentlemen

who are in service have opposed this resolution. Their opposition is quite understandable and I sympathise with them. One other disadvantage in appointing officials to these posts is that once they go out of these posts they are lost to the province. But if non-officials are appointed after their retirement also they will be available to the province for such help as may be required. With these few words, I suggest that the resolution should be properly amended and then passed.

President :—The amendment is now before the House, which says that "well-qualified, suitable non-official gentlemen be also eligible for appointment to these posts."

Mr. Ishrat Ali, (U. P.) :—Sir, if every non-official becomes a Registrar what will be the position? They will become as much official as any official of the Government.

President :—What is meant here is only that these official posts which are very important are not only to be recruited from a certain service, namely the I. C. S. or the P. C. S., but should also be thrown open to non-officials, who, on the day of their appointment, do become officials as anyone else. It is not a question of officials *versus* non-officials. You have to make up your mind whether in your opinion any non-official gentleman, sufficiently qualified, should be eligible or should remain ineligible for appointment. That is the only point which this resolution aims at. Mr. Bhide wants something to say. It would be germane to the position.

Mr. M. R. Bhide, I.C.S., (Registrar, Co-operative Societies, Punjab) :—It was suggested by a speaker that the Registrar, U.P., had no training. I understand he had training for a year before appointment. The second point is as regards an I. C. S. officer being appointed. Many of my colleagues in the I. C. S. will agree with me in that very often it has been very difficult to persuade an I. C. S. officer to take up this post. In the Punjab, luckily, they consult the officer whether he has a liking for this work or not. On the question of reservation only certain provinces have the Registrar's post reserved for the I. C. S. Bengal and Sind have not got it reserved. The question is not whether an I. C. S. officer should be appointed to the post or not. Every province has now got a proper Provincial Co-operative Service. Every person who joins the co-operative service has certain expectations. If you decide to take away some posts then you take them away from the man who joins the Provincial Co-operative Service. The question of reservation for the I. C. S. has been dealt with by our Committee and we have recommended that it should not be reserved for the I. C. S. We have said that the post should go to the most suitable officer whether I. C. S. or P. C. S., but I do not remember whether it is for the non-official also.

Ch. Ram Swarup Chaudhury, (Financial Adviser, Co-operative Department, Punjab) :—Mr. President and fellow co-operators. My new

point is very small, but it might appeal to you. My submission is that for the last 40 years or over we have had a regular team of very venerable workers in almost all provinces. So far their work has almost everywhere been greatly recognised. I do not mean that it has been the intention of the Government to throw out any bait to people to come forward as honorary workers, but if we pass this resolution, the interpretation might be put on this that some of the honorary workers have come into the field because they have a chance to be appointed to the posts. Besides, the other reason for opposing this resolution is that we have almost in every province very senior and efficient I. C. S. or non-I. C. S. executive heads, and if we pass this resolution, rightly or wrongly, there might be a desire in the provinces to bring political power into play and try to put in men who have had no experience or insufficient experience for the discharge of duties for heads of departments rightly or wrongly. I know of a story that in some State a Chief Engineer went on leave and the Civil Surgeon of the State was put in charge. Some such things might occur. There is not every likelihood, but the possibility is there. So, in my opinion, we need not support this resolution but leave the position as it is. We are going to have autonomous Governments in all the provinces and our popular representatives will see to it that if there are efficient and experienced honorary workers in the field of Co-operation, it will be their duty and desire to put in those men in the Co-operative Department. If they do not, it will be for us and you to throw them out and see that really deserving co-operators are put in those posts.

President :—The last speaker has brought in one or two points which deserve your attention. The wordings are likely to suggest that there is a motive behind co-operative workers, the motive of getting any suitable post in the Department. That certainly cannot be anybody's desire. It cannot be put down in that shape. The only idea that might find favour is that the post should not be reserved for the I. C. S. Mr. Bhide has said that men from the Provincial Service can also be appointed provided they are capable. It is certainly the legitimate aspiration of anyone who joins, the co-operative service to rise up to the very high post if he is able enough. I do not want to debar the good I. C. S. officer either. The only point is that while everyone else may be eligible, a non-official also should be eligible; not that he should be appointed. There should not be reservation that in these provinces there should be non-official Registrars. But if and where a qualified and suitable non-official is available, he should not be debarred because he happens to be a non-official. But if the resolution is not suitably worded and gives rise to misunderstanding, I would recommend that it should be withdrawn rather than make us open to the charge of self-seeking in an underhand way or for political surgery by which Civil Surgeons might be appointed as Chief Engineers.

The resolution was withdrawn.

Khan Bahadur Chisti, (U. P.) :—I move that

12. CO-OPERATIVE EDUCATION AND RESEARCH.

“(a) This Conference recommends that an All-India Co-operative College and Co-operative Research Institute should be established.”

Rai Bahadur Brij Nandan Lal, (U.P.) :— I second it.

Mr. M. R. Bhide, I. C. S., (Registrar, Co-operative Societies, Punjab) :—The whole subject has been examined by the Co-operative Planning Committee and my suggestion is that it should be postponed till the Committee's report is out.

Mr. J. P. Misra (Publicity Officer, Co-operative Department, U.P.) :—One All-India College cannot meet the requirements of the whole of India. There is another question as to which institution will start this All-India Co-operative College and who will provide the funds. Wherefrom the students will come? So far as students are concerned, they will have to be trained in the Provincial Co-operative Colleges. So in my opinion this resolution is futile.

Mr. Rana Sher Jang Khan, (Reserve Bank of India) :— I support Mr. Bhide's view. This question has been dealt with in the Planning Committee and it should be postponed for two months.

Rai Bahadur Brij Nandan Lal :—Brother delegates, I apologise to you for speaking sitting as I am not well enough to stand. This resolution simply asks for the establishment of institutions for teaching Co-operation both for men and women. Under the General Clauses Act “men” includes “women”. Therefore, these colleges, if established, will not be only for men but they will be for women also. I do not see why people should fight sky of establishing these institutions for teaching Co-operation. They do not ask for teaching the 3 R's. They ask for teaching Co-operation. Co-operation is a technical subject and whether they be non-official workers or official workers, both need training. It is not like unskilled work which anybody can do. We have been under a wrong impression for a long time. People think that if ten people combine to do a thing it is co-operation. People think that if ten people combine to break into a house it is co-operation. Co-operation has acquired a technical meaning. Co-operation has included multifarious duties—consumers' co-operation, credit co-operation. These officials are so anxious to have their point of view that they will not allow non-officials to have their say. As I have said, I have been working for the establishment of these institutes for the last 20 years and I have succeeded to some extent in this province, in the time of the present Registrar. We have got a library which will compare with any library in the province. So I submit that postponing this question for next session is not good. I understand there is no Committee on earth

which will say "we do not want to learn Co-operation or teach Co-operation!" I think we need numerous institutions for teaching Co-operation. There will be thousands and lakhs of students all over India to learn Co-operation. Officials and non officials both need learn.

The resolution was put to vote and carried.

Khan Bahadur Chisti:—Sir, Now, I move part (b) of the resolution :

(b) "Provincial Co-operative Colleges in the various Provinces and States should be established for the training of co-operative workers and employees of co-operative organisations and of the Co-operative Department."

Rai Bahadur Brij Nandan Lal :—I second it.

The resolution was put to vote and carried.

Khan Bahadur Hamid Chisti:—Sir, I move parts (c) and (d) :

(c) "funds for co-operative education and training should be made available from the following sources;—

1. A levy of 2 per cent of the net profits of the co-operative organisations;
2. Contributions from co-operative organisations;
3. One per cent levy on the profits of the Reserve Bank of India;
4. Substantial grants and subventions from the Governments, Central, Provincial and States; and
5. Donations."

(d) "This Conference requests that the Governments concerned should take early steps for providing the funds for co-operative education to the All-India Co-operative Association as suggested in (c) above."

Rai Bahadur Brij Nandan Lal :—I second them.

President :—I will put to vote all the 5 sources of income one by one. You may vote on them separately. Co-operative education on a large scale will need funds. The All-India College and Research Institute will require a large fund. Provincial Co-operative Colleges will also require funds. Where are these funds to come from? The suggestion here is that co-operative organisations must try to be on a self-sufficiency basis. You cannot always ask for grants. Co-operative Societies in India make a profit. If Co-operative Societies make a profit of Rs. 100, Rs. 2 is all that is required and I think a Co-operative Society will not grudge Rs. 2 or 2 per cent for being used on the education of co-operators or co-operative workers whether they are their own servants, honorary secretaries or members of managing committees or higher officials. As regards

No. (2), over and above the contribution of 2 per cent by every co-operative organisation, there are big associations, Co-operative Central Banks, etc. Even primary Societies of transport workers are making huge profits. They can make a contribution of Rs. 200 or 500 per annum. A third source is from the Reserve Bank which is very keenly interested in the agricultural credit problem. It is concerned with the agricultural credit position. They are spending huge sums of money on the appointment of expert officials. Why can't they give us 1 per cent of their profits for being spent on purposes approved of by them, namely, co-operative education and training and co-operative research. I would not mind if they earmark it for co-operative research only, but anyway, we would like funds made available to us by the Reserve Bank giving only 1 per cent of their profits. A fourth source is naturally the Government. After the co-operative-minded Reserve Bank we go to the State hand-in-hand and say: "Now we have obtained so much. Please give the remainder" and if the State does not pay you can beg and ask for donations from rich men, the new rich of the war or others, and ask for funds. There are no other ways I can think of for these purposes. I will take votes on these one by one.

Mr. M. R. Bhide, I. C. S. :—Sir, there is a scheme here. But an alternative scheme has been examined by the Planning Committee and they have prepared a detailed report as to how the work is to be done and how the institutions are to be managed. I think this House will be well advised to wait for the specific recommendations of this Committee, which consists of a majority of non-officials. I believe that but for one thing the report is unanimous. The only disagreement is with regard to the management of the Co-operative College. Whether it should be managed by the Co-operative Institute, or by an agency appointed by the Government is the question. The Co-operative Department has nothing to do with it. I would strongly advise you that this matter should be left over till you see the proposals of the Committee appointed to examine the whole problem. If you make any definite decision at this stage, it is just possible that after seeing the report you may like to change your views.

Mr. J. P. Misra, (U. P.) :—Mr. President and brother delegates, I wish the suggestion of Mr. Bhide has been accepted. But, as the first part of the resolution has been carried, I would confine myself to part (d). You have just passed a resolution for the establishment of an All-India Co-operative College for which funds will be needed. You have also passed a resolution for the establishment of Provincial Co-operative Colleges for which again funds will be needed. You ask the Government to contribute towards the maintenance of Provincial Colleges and a Central College. Well, Sir, it does not seem very likely that our Provincial Governments will be meeting the cost of the Provincial Colleges if, at the same time, you ask them to contribute towards the All-India College. So, as charity begins at home, let us make a recommendation that Provincial Government

should meet the cost of Provincial Colleges alone and not of the All-India College.

President :—The proposal for postponement of the resolution is before you.

The proposal was accepted and the consideration of the whole resolution was postponed.

The Conference adjourned for lunch at 1-15 p.m. and resumed its sitting after lunch at 3-30 p.m.

Secretary :—As Capt. Dalip Man Singh is not present here I move this resolution on his behalf. It runs as follows :

12. CO-OPERATIVE EDUCATION AND UNIVERSITIES.

"(a) This Conference strongly recommends that there should be a chair in every Indian University for Agricultural Economics."

Chairman :—I do not think there can be any objection to that.

"(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."

At this stage Capt. Dalip Man Singh returned to the Conference and moved the remaining part of the resolution.

Capt. Rai Sahib Dalip Man Singh :—Sir, I move the remaining part of the resolution.

"(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."

In a word I may explain to you that in the Army we are bringing out very useful literature in pamphlets of about 12 or 16 pages. You have a number of text-books on these subjects but the ordinary villager would not like to go through them. But if those very subjects were in the form of pamphlets and if the different States and Provinces published them in their own vernaculars they would be very useful to them.

Mr. Brij Ballabh Sharma, (Bharatpur) :—I second the resolution.

Mr. J. P. Misra, (U.P.) :—Sir, I want to add "and Co-operation" after "Agricultural Economics" in part (a) to make it more specific.

The resolution was passed by the House with part (a) as amended.

R.S. Raghuraj Swaroop, (U.P.) :—Sir, I move the following resolution :

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 be established in every Province and State in India."

I may make the meaning a bit clearer. There are already Co-operative Life Insurance Societies in existence to-day. There is one in Madras—the South India Co-operative Insurance Society; there is another in Bombay, one in Baroda and one in Hyderabad. It is therefore the considered opinion of many co-operators that Co-operative Life Insurance Societies may be organised in every province and this Conference can therefore very well recommend that such Societies should be started in provinces and also in States if they are broad enough and big enough for the purpose. In the matter of fire insurance, however, it is not considered desirable to have a Fire Insurance Co-operative Society for each province. The risks involved in fire insurance are very great and it is desirable that an All-India body should come into existence for this purpose. We are now undertaking a huge programme of expansion of marketing. When marketing comes in, godowns, warehouses, etc., will be built up and for that

purpose fire insurance will have to come in. This fire insurance should not mean extra profit to the Fire Insurance Companies in existence at present. We should have our own fire insurance companies and they should be organised on an All-India basis and not on provincial basis. But we know that there are provincial peculiarities and likings and therefore the All-India body will function through provincial branches, local advisory committees, etc., so that each province may in a way have autonomy for the general work and the responsibility of the risks would be for the All-India body to bear. The proposition before you does not therefore require much discussion.

Mr. K. C. Banerji, (U. P.) :—I second the resolution.

The resolution was accepted.

Ch. Ram Swarup Chaudhury, (Punjab) :—My resolution is :

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 under all heads specified in Section 23(3) 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.”

This resolution is non-controversial and will not, I think, require much discussion. I need not make any additional remarks about this resolution. The wording of this is clear and strong enough. As you know, we co-operators throughout the country need every single penny that we can marshal or get hold of in order to expand our activities. Governments have always been solicitous to do as much as they could for the furtherance of interests of Co-operation and if we are able and lucky to persuade the Government of India to agree to the resolution under discussion, it would help us all the more to get additional funds that will be left with us if we get an exemption from income-tax. These funds will be utilised for the furtherance of co-operative movement. With these words I commend the resolution for the acceptance of the House.

Sardar K. J. Khosla, (Patiala) :—I second it.

Mr. B. J. Patel, (Baroda) :—Mr. President and Brother Co-operators, I want to extend the principle to the Indian States. I wish to add “and Indian States” alter the words “British India” in the resolution. We, in Baroda, are feeling this difficulty. We are required to pay heavy

income-tax in British India though we are exempt already in Baroda State. As a reciprocative measure our State is also charging income-tax from British Indian Co-operative Societies in the State.

The resolution was put to vote and passed as amended.

Ch. Ram Sarup (Punjab) :—I move that

15. ADVANCES TO PROVINCIAL CO-OPERATIVE BANKS AND STATE CENTRAL 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.”

I must admit, Sir, that I do not myself in my heart of hearts feel quite sure of the grounds in regard to this resolution. But, as I have been asked to move, I would do my best to explain the position. Some of our Provincial Banks do stand in need of finance. This suggestion has come up probably because the Reserve Bank of India under its constitution is expected to help the co-operative movement and to afford accommodation as and when required by Provincial Banks. At present Apex Banks in various provinces have to finance their own District Banks and probably in some provinces the primary societies directly. When they need finance, they have to go to the Imperial Bank to get accommodation as against Government securities. As you probably know, the lending rate of the Imperial Bank has been $8\frac{1}{2}$ per cent though I understand somewhere they have agreed to lend at 8 per cent. If the resolution is adopted by the Conference and if it is fortunate enough to get a response from the Reserve Bank of India, it will help needy Apex Banks to get loans at 2 per cent which will help to liquidate those loans with a reasonable rate of interest.

Mr. Nagar Seth, (Manager, United Provinces Provincial Co-operative Bank) :—I support the resolution. As our worthy mover has said, at least as far as U. P. is concerned, the Imperial Bank has been very good with us. It is not only giving us loan at 8 per cent, but it is giving us over-draft at 8 per cent. We had occasions to approach the Reserve Bank for financing Co-operative Banks here and asked : “Will you give money on paper securities” they said ? ‘No’. When the Imperial Bank gives money at 8 per cent, there is no reason why the Reserve Bank should not give it. They should give us advances at 2 per cent.

Mr. Brij Ballabh Sharma, (Bharatpur) :—Mr. President, I wish to move an amendment to the resolution. It is this :

“ This Conference requests the Reserve Bank of India to grant demand loans to Provincial Banks and State Co-operative 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 Banks and State Banks which have not as yet fulfilled the requirements laid down by the Reserve Bank in its circular on the subject for financing the needs of members of Co-operative Societies in their Province on States ”.

Ch. Ram. Swarup :—I have no objection to accept the amendment but I may submit that the original proposal is as clear.

Mr. Rana Sher Jang Khan :—Mr. President, Ladies and Gentlemen. The legal position is that the Reserve Bank of India is authorised to make advances against Government securities. But the original attitude of the Reserve Bank of India was that even against Government securities it advanced loans only to those Banks which were in sound condition. But, of late, we have revised our attitude and have agreed to grant loans to Co-operative Banks in general against Government paper. I am afraid that there is some misunderstanding about U.P. Banks. We have never refused to grant loans to them against Government Securities. They wanted that even on loans against Government Securities we should charge concession rate. I am afraid the Reserve Bank is not likely to agree to this. If the Reserve Bank of India were to encourage loans by offering concession rates to all banks including unsound banks, it would ultimately result in putting a premium on unsound banking. The co-operative banks can, however, borrow against Government Securities at the Bank rate. As regards granting loans to co-operative banks in the States I am afraid that there would be several constitutional difficulties. The Reserve Bank of India Act does not permit granting of loans even to commercial banks in States unless they have a branch in the British territory and are scheduled to the Reserve Bank of India Act. Any way, I shall be glad to pass on your views to the authorities of the Reserve Bank for their consideration.

The original resolution was put to vote and passed.

Mr. Brij Ballabh Sharma, (Bharatpur) :—I beg to move that :

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.”

Friends, I belong to one of the States and a number of delegates have attended this Conference. The point which I want to urge before you all present here is this : that if the Reserve Bank will not afford the same facilities to Co-operative Central Banks of Rajputana and other States, it is very doubtful that States will ever progress so far as banks are concerned. If you just look into co-operative movement in a State, you will kindly note that they are suffering a great handicap because big institutions like the Reserve Bank do not consider our rights of banking. They do not help us in any way. I do not condemn the Reserve Bank of India Act. What I want to say is this : that the Reserve Bank should come forward to give us that help which it is giving to all commercial and banking institutions. Capital in my State is shy. States people do not come forward to invest their money in the form of deposits simply because they say that other banking institutions do not recognise them. My point in arguing this is that we should never be backward but come forward and we should be on the same lines as British Provinces' Co-operative Banks are. I had an opportunity of discussing it with one of the most important members of the Reserve Bank and he is fortunately present here. He told me that two conditions must be fulfilled before State Banks get this concession. The first condition laid down in the Act is that Provincial Co-operative Banks will have to agree to the following : Maintenance of a cash balance with the Bank. The amount so shown at the close of any day must not be less than $2\frac{1}{2}$ per cent of the demand liabilities and 1 per cent of the time liabilities of such banks in India as shown in the special returns to be filled for the purpose. The other condition which is not mentioned in the Act is that any State which wants to get its Bank scheduled must open a Branch in British territory. You can all easily conceive how very difficult it will be to open branches in British India to get their banks scheduled. I am not speaking only as I come from Bharatpur, but I want to impress upon an All-India problem as to why banking should be lacking in States. We should not grudge and object any obligations which are covered by the Act itself. We should rather comply with them and the Reserve Bank must extend its hands to these States' Banks also.

Rai Bahadur Brij Nandan Lal, (U.P.) :—I want to raise 3 points with regard to this question. The Reserve Bank is patronised by the British Government. States have aided the British Government at all times. There is no reason why the Reserve Bank should not help the

States. The second point is that ours is a co-operative movement. There is no reason why the patronage of the Reserve Bank should be extended only to British India and not to the States. My third appeal is to the States. "You must afford the same concession to British India." If you want the same privileges as British India, you should march in line with British India. You are even now entitled to the same privileges. You should persuade your Rulers to change their ways.

Mr. Rana Sher Jang Khan :—Mr. President, Ladies and Gentlemen. The resolution recommends that co-operative banks in the States should be treated on a par with co-operative and commercial banks in British India so far as the question of remittance facilities is concerned. Under the existing conditions adequate machinery does not exist in the States in regard to currency chest facilities to make the remittance facilities available to the co-operative banks located there. However, we shall be glad to examine the question with a view to seeing what is possible in the matter.

The next request is that the Reserve Bank of India may grant free remittance facilities from the centre to the places where the provincial co-operative banks are situated. The wording of this resolution is not quite clear. But what I presume is that those co-operative banks which are situated at places where there is no office or branch of the Reserve Bank should be allowed to have free remittance facilities from the office of the Reserve Bank of India to their head office. This question is already under our examination and the issues involved are so many that we have not come to any conclusions. The question is that if those facilities are granted to Co-operative Banks, similar demand will be made by the Commercial Banks placed in a similar position. The question is, however, already under our examination.

The third request is that the Indian States' Co-operative Banks and Co-operative Credit Societies be allowed to purchase shares of the Reserve Bank of India and become its members. At the moment there appears to be no valid reason for refusing this privilege to the co-operative banks in the States but I feel this is a very small matter for which alone an amendment of the Reserve Bank of India Act may not be considered as called for. But all the same I have taken note of your views and will place them before the authorities of the Reserve Bank of India.

The resolution was put to vote and passed.

Mr. Brij Ballabh Sharma :—I beg to move :

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."

Sir, there is some difficulty in the investment of the co-operative societies' funds in the National Savings Certificates. I had an opportunity of going to Simla on tour. I had a discussion with Col. Dolly, the National Savings Commissioner, regarding this point. I stressed upon him that this particular restriction should be removed because it jeopardises the interests of co-operative movement. He very kindly agreed and told me that the matter may be referred through proper channel and it will then be considered. In the interest of national savings certificates, co-operative societies in the States should be permitted to make the investment of Rs. 20,000 without getting any extra sanction for this. You will naturally ask me what advantage will you derive? I find in my co-operative bank that certain co-operative societies have got their deposits in the Shri Krishna Bank and in case this facility is given to them, they might like to invest some of their surplus funds in these National Savings Certificates at the rate of $4\frac{1}{2}$ per cent. Now, if there is a restriction—they will have to go to the Political Department—necessary sanction will have to be taken in respect of each society. In the interest of Co-operation and in the interest of societies it is absolutely necessary that no more restrictions should be put upon those societies or co-operative institutions which are doing their business in States.

Rai Bahadur Brij Nandan Lal :—I second the resolution.

The resolution was put to vote and passed.

Mr. Tarapadau Chaudhury, (Bengal) :—Sir, I move—

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 financial aid for the provision of a trained staff and for godowns.

"(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.

Now, gentlemen, nowadays attention is to a great measure being accorded to the question of agricultural marketing. Rather the movement of Co-operation was formerly confined to the agricultural credit aspect only. Whatever success or failure of Co-operation on the agricultural credit side may be, greater emphasis by all the co-operators is now being laid on this aspect of co-operative marketing for tackling the problems of the agriculturists. We must not lay all the stress on the side of finance. Sir, this co-operative marketing has been introduced for the better disposal of goods of the cultivators so that better prices may be ensured for him as well as for the maintenance of his credit with his creditor, that is with the financing bank which supplies the credit. Two things have got to be solved over this question of agricultural marketing. Firstly, that he must maintain the credit with his creditor, namely, the financing bank and at the same time he must be assured of the best possible market. At present there is no provision for commercial intelligence at his disposal. At present he cannot hold on the produce till such time as it is most opportune for him to get the maximum benefit of the prices, as his finances do not allow of this. The ordinary farmer is a very small unit. How can we help this small unit to better his position. The only thing that we can at present do for him is to place at his disposal some co-operative organisation to obtain for him better economic assistance. This can be done only through larger economic enterprises in the shape of co-operative organisations, because in these days of marketing, production is a very small affair. Marketing in this country is a very complex affair because the produce of the cultivator is wanted by the manufacturers who are far away from the place of production and also because of competition between the small scale manufacturers and large scale manufacturers of this country and foreign consumers. The resolution contemplates three types of marketing organisations. Firstly, the bargaining societies which will bargain and settle terms of sale as between a buyer and a seller. This society confines its activities only to bargaining and settlement of terms. The seller obtains his price direct from the buyer. The second kind of society will perform the function of an *artiya* or a commission agent. The co-operative society disposes of the produce and charges commission straight away and pays the cash money to the farmer. The third kind of society is for processing of the produce so that the income from the processed article *minus* the processing cost may go to the cultivator. In Denmark, Holland and even in North and South America these co-operative marketing societies have been started. All the resources of the farmers are pooled there. They form a pooling federation. These societies process, grade and standardise their produce and then place it on the market. In the pooling system there are advantages. Firstly, in pooling the different varieties of things a definite standard is fixed and there is a large scope for standardization of the entire produce. Secondly, the amount of business is very large. So it is possible for the organisation to place the produce on the best possible market and obtain the best price. Also it is possible to adjust the supplies

to the consumers' demand. Thirdly, the pooling organisation can eliminate the amount of speculation that is involved in marketing. To my mind, the pooling method is the best method and should be followed.

My resolution, of course, urges on the Central, Provincial and State Governments to render substantial financial aid for the provision of trained staff for guidance. We have more than once stressed on the necessity of finding suitable personnel for marketing and stores. The success of the marketing society or stores depends entirely upon the Manager who runs the whole show. Surely you cannot induce a businessman just to forego his business and accept the job for a pittance. The Reserve Bank of India has also stressed on the point that suitable personnel has got to be trained and provided. Gentlemen, this morning we were rather talking loosely over the question of co-operative education and co-operative colleges. The question that really confronts us to-day is that of finding the right type of men reliable, honest and with sufficient business acumen to run these stores. For this co-operative training and education we require huge funds. Where is this money to come from? These co-operative and marketing organisations are a baby. The chief and paramount duty of the State is to come to our rescue by providing the necessary staff for the carrying on of the business of marketing and stores. We have to approach the Government for the provision of the staff. Then there is the question of storage. In larger and organised markets, like Lucknow and Lahore, there are godowns. But in the countryside there are no godowns. About 4 million tons of surplus produce is yearly moved from one place to another in India. Even for the storage of one-tenth of this 4 million tons storage accommodation is not available in the country. This is a big question. First, all these goods have to be assembled from the small farmers and then they are to be placed in the wholesale market. If we want to compete with exporters we have to store the goods at the exporting centres. The question of godowns has therefore got to be faced. The Government of Madras have helped in the construction of godowns. They have donated one-third of the cost and have advanced loans at very low rate of interest for the two-thirds. But having regard to the cost of construction nowadays, I should say that it will be very difficult for the co-operative societies to meet the two-thirds of the cost even after taking a loan. I would rather advocate that the Government should come forward with at least half the amount as a subsidy and the other half may be made available at a very low rate of interest not exceeding 2 per cent.

Now, I come to the question of linking marketing with credit, that is the producer will take his credit from the credit society. The cultivator should enter into an agreement with the credit society that, as soon as he disposes of his produce, he will pay off the dues. This linking of marketing with credit has been very successful in U.P. The Cane Unions, U.P., are the living examples of such societies.

In these days of control an embargo has been placed on the movement of agricultural produce from one province to another and from one district to another. Of course, these controls have been imposed as a special measure called for by the situation of food which faces us to-day. I won't rather minimise the necessity for such controls. Of course, if the controls are introduced, they must be as effective as possible so that the food problem may be solved to some extent. But I must say that these controls or embargoes have a disastrous effect upon the producer. In these days there is only one agency for purchase, and that is Government. The rate is also fixed which is below the maximum. The buyer can dictate the price. The Government give out an order fixing the prices which mostly remain secret and are not published and the poor villagers do not know. The purchasing agents make the purchases at a very low price. I do not know and cannot find a solution, save appealing to Government just to place at the disposal of the co-operative organisations the facilities in the way of permits and priorities for enabling these societies to place their products at the best possible markets so that they may ensure the best possible price to the villager. With these words, I commend the resolution to the acceptance of the House.

Mr. Tara Prassana Ghosh, (Bihar):—Sir, I support the resolution moved by my friend Mr. Choudury. He has spoken on it at great length.

Rao Bahadur K. Subrahmanyam Naidu, (Additional Joint Registrar, Co-operative Societies, Madras):—Sir, in part (a) at the end I would suggest the addition of the following words "and for processing work."

The resolution as amended was passed.

Nawab Mir Akbar Ali Khan, (Hyderabad Dn.):—Sir, I move the following resolution:

19. INDUSTRIAL CO-OPERATION.

"That every Province and State be urged to start an industrial Provincial Co-operative Association for the development of industries on co-operative lines."

When we are sitting here to think about the scheme for the betterment of cultivators it is just fitting that we also think about the measures which will improve the conditions of the artisans. We very well know that the condition of artisans in most of the places is much worse than what it is of cultivators. I remember about 5 or 6 years back, when there was famine in some of our districts, I found that the worst sufferers were artisans, and since then we have tried not only through co-operative organisations but also through some other organisations such as the economic society to devise means to improve the condition of the artisans. I therefore very strongly commend this resolution for the acceptance of the House.

Mr. Tara Prasanna Ghosh, (Bihar):—I second the resolution.

Rao Bahadur K. Subrahmanyam Naidu, (Additional Joint Registrar, Co-operative Societies, Madras):—You know, gentlemen, that industries are of various kinds—viz., heavy, medium and cottage industries. I am sure that you will agree that the co-operative technique cannot be applied to all forms of industries. I think the mover has in view small scale or cottage industries. Therefore I would suggest an amendment like this. "That every Province and every State be urged to undertake schemes for the formation of Provincial Industrial Co-operative Associations for the purpose."

Rai Bahadur Brij Nandan Lal:—As you know, India needs industrial revival more than any other country. 90 per cent of our people are engaged in agriculture which some time ago ceased to be a paying proposition. My friend says that the co-operative movement cannot deal with heavy industries; it can only deal with cottage industries. So it must be made specific. There are some very big industries which have been tackled by the co-operative movement. I know there are very big industries due to be tackled by the popular Government. For example, we can build co-operative sugar factories, we can build co-operative cold storage. Our marketing federation is pressing to have a co-operative cold storage. So I think this resolution must be passed as it is and no amendments are necessary.

President:—The resolution as proposed to be amended by Mr. Subrahmanyam is that every province and State be urged to undertake schemes for the development of cottage industries on co-operative lines and for the formation of Provincial Industrial Co-operative Association for the purpose. I may point out to you that even in England the Co-operative Industrial Association deals with cottage industries and not with heavy industries.

Mr. Brij Behari Lal (U.P.):—Sir, I move an amendment that instead of "cottage industries" we should have "suitable industries".

President:—So now it will read "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."

I will now put the resolution in the amended form to vote.

The resolution was put to vote and carried.

Rai Saheb Capt. Dalip Man Singh:—Mr. President and gentlemen, I had drafted this resolution and requested the Secretary to ask some lady to move it. But I am very sorry that there is no lady here just now. So I am moving it myself.

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 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."

Gentlemen, you know that we are passing rapidly through changed conditions and now those days are over when only man earned for the bread of the family. The prices of everything have risen, whereas the incomes of the people are stationary or have risen very little. So it is very necessary that our women should also help us in increasing the income of the family. You all know, gentlemen, that upto this time in most of the Indian families the only work which the ladies do is to prepare food and then to bring up children. Our ways of living are such that right from the morning till about 12 a.m., the whole time is taken up in preparing *nashtha* and then meals which children, men and women take separately. Similarly from 4 p.m. to 9 or 10 in the evening it goes on like that. So what is now required is that we must regulate our life. We must observe fixed hours for meals, etc., and then it will leave enough time for women to take interest in cottage industries and this will increase the income of the family. Very few co-operative societies have been started in India upto this time. The reason is that most of these societies that have been started are only for thrift. But you know when the income is so little and the expenses are so high, it is next to impossible to save large sums of money, and, for that reason, the thrift societies have not made any marked progress. But if we teach our women to take part in the cottage industries and prepare something and these co-operative societies make arrangements for the supply of raw material and for the sale of finished goods, I think we can add substantially to the income of our lower middle class families. It is a matter to be thought at very calmly and coolly. How difficult it is for our clerks whose pay is Rs. 50 or 60 to make both ends meet? It is highly necessary that our ladies should help us in this work. If you go to other countries you will find that ladies have begun to take part in many works. This ordinary wool when it is taken from villages is sold at $\frac{1}{2}$ pound to 2 pounds to a rupee. Its value is increased when socks and pullovers, etc., are made. This one rupee of wool can fetch Rs. 8 or 9. I hope all of

you when you return to your places will pay sufficient consideration to this matter. I had a talk with Mrs. Gupta and she agreed with me to encourage this work in Lucknow. So it is for all others. We have to make a serious effort to increase our income and this appears to me to be the best means. If we take up this work we hope that Co-operation will spread among our women and along with this it will improve them in many ways. With these few words I put this resolution before you.

Mr. Brij Behari Lal, (U.P.) :—I second the resolution.

Mr. Daulat Ram (Bikaner State):—Mr. President and brother delegates, I wholeheartedly second the resolution brought forward by Mr. Dalip Man Singh. Bikaner is famous for its wool and we have started a spinners' organisation for women only. There are about 25 co-operative societies with a membership of 2,000. It is just only a beginning and, in due course, I think it will be a great organisation. We have there a very fine art of spinning. The ladies are spinning there upto 80 counts and I think there is very great scope for this industry. If any of you are interested in this work, visit our State and you will see what fine work is done by our weavers and spinners.

Mr. H. R. Joshi, (U.P.) :—Mr. President and brother delegates. I am in favour of introducing cottage industries amongst the ladies, but the resolution is quite different. The resolution says that a separate organisation for ladies should be established. I am against it. I am in charge of 9 districts and in the district of Almora, the ladies are spinning up to 60, 70 and even 100 counts. There is no supervisor and no inspector in that district. The co-operative society is there. They are spinning and manufacturing sweater-coats, mufflers, etc. So I say that co-operative societies can exist without women Registrars or inspectresses.

Khan Mohammad Bashir Ahmad Khan, (Honorary Secretary, All-India Co-operative Institutes' Association) :—At the fag end of the session, the resolution moved has my full support. For your information I may detail the position in the Punjab. We have at present two Lady Assistant Registrars holding gazetted posts. Under them we have 5 lady inspectresses and 25 lady sub-inspectresses. There are about 200 lady welfare workers and we have about 400 societies for women of different kinds.

The resolution was passed.

Mr. Tara Prasanna Ghose, (Bihar) :—Sir, I move that—

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.

The resolution is clear and I have nothing more to say.

The resolution was passed.

Mr. Tara Prasanna Ghose, (Bihar) :—I move—

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."

The resolution was passed.

President :—One part of our business, the discussion of resolutions is now over. I do not want to inflict on the audience at this stage any long speech at all. I merely wish to express my very great pleasure at the full-hearted co-operation of all of you in the conduct of the Conference and the doing of business with so many resolutions and with so many of you hailing from so many parts of India, including Indian States, desiring to speak and desiring to be heard by themselves and others. It was a very difficult job for me to say 'no'. A co-operator never says 'no' if he can help it. A co-operator is never a Hitler at heart and yet for the conduct of business he has to be strict now and then, and if I have by any chance trodden upon the susceptibilities of any brother co-operator or sister co-operator, I beg to be forgiven. I have tried to give scope to all wherever possible. But towards the end, one has to rush through the agenda. I feel in the future Conferences we would better limit our subjects so that we would have only a few resolutions and everyone could have his say. There are a few resolutions which have been handed over to us informally by outsiders, such as the one which refers to the difficulties of recovering from monthly pay bills of members of railway co-operative societies their provident funds and the dues against past member after his death from the provident fund dues, and so on. These I have not placed before you because, not that they are not important, but because they are purely matters of routine and

your Association will correspond with those concerned and try to see what can be done. I have not, therefore, taken your time by placing those resolutions before you.

There is another matter about Mr. Ramadas Pantulu. Just a few months before his death, at a meeting of the Standing Committees, he bequeathed a part of the property for a Co-operative Research Institute. The exact scheme is not yet ready. Mrs. Pantulu is still alive and rights have been granted to her to remain in occupation of the house till death. I understand that even now the things are quite propitious, and the building will be made available for a Research Institute as Mr. Ramadas Pantulu wanted. We cannot say that we regret for nothing has been done so far as we are assured by Mr. Venkatachalam (Mr. Pantulu's son) that something is going to be done in the near future regarding Mr. Pantulu's bequest of the house for the co-operative research activities which he wished to undertake.

About the subjects that have been discussed, though the number has been legion, subjects have been few. Among the prominent subjects has been the de-officialisation. You have passed it and I am glad that you have expressed that de-officialisation must begin. The food situation similarly engaged our attention and I was glad any way that it was no waste of time because members in different Provinces and States gave us their idea of what was being done, and we have done well in asking Government to associate co-operative organisations in the work of relieving food problems. Similarly, co-operative education arrested our attention also and there we have more or less been wanting time in the expression of opinion. The report and its lack of publication created two schools of thought. One school of thought was that we should postpone the consideration till the report was out. But there is a danger in that, because as somebody pointed out correctly, the report is already typed out and sent to the various provinces. The provinces are examining the report. By the time the report is printed, I am afraid the Provincial Governments will have already asked the opinion of their men and formed their conclusions. As it is, I am afraid we might be too late and I was, therefore, anxious that there should be an expression of views on it.

Mr. Rana Sher Jang Khan :—Sir, on a point of order. No copies have been sent to the Provincial Governments. They are safe in our hands.

President :—I know, as a matter of fact, that it is being examined by a Provincial Government. However, we have tried as far as we could to look into the opinions of the gentlemen present here. One important question you, gentlemen, ask me about the voluntary character of the Movement. That question has been held over because although, discussed in the Subjects Committee, it was not brought in the Conference as a resolution on account of great differences of opinion. It was no use bringing it at the Conference till we all agreed one way or the other. Any

discussion in such circumstances would have had no meaning at all. I was, therefore, glad that a resolution on the subject was not pressed this time. I am sure you will all give due thought and consideration and not be carried away by your sentiments. Efficiency comes with responsibility and Co-operation has to be essentially voluntary. You can persuade people, but you cannot compel them and persuasion is often more effective than mere compulsion. What is the use of compulsory conscription in an army? However, I do not want to go into that subject at all. I am glad the question was not taken up, but it will be taken up, fully discussed and a conclusion arrived at when we meet next. I want you, gentlemen, to come fully prepared to assert your opinion that Co-operation should be voluntary.

At this Conference, I am glad women took part, be it very little, and they wanted a Women's Co-operative Union. I think it is a good move. If we co-operators want to develop we cannot do so when half of ourselves do not join. Women organisations must come in. There will be women associates at our next Conference.

The other resolutions of importance are those relating to the Reserve Bank and co-operative structure. I was very glad at the sympathetic attitude of the Reserve Bank representative. All your propositions received from him the very remarkable assurance. He did practically promise that he would try and sympathetically put forward your case for the consideration of the Reserve Bank officers. I can only wish him success. Well, gentlemen, after finishing my remarks with the words that I do not want to inflict a long speech, I take your leave and again express my thanks to all of you for your hearty co-operation in conducting the business of the Conference.

Mr. V. Viswanathan, I.C.S., (U.P.) :—Mr. President and friends. Before the proceedings of this All-India Co-operative Conference are wound up, I beg leave to say a few words. I am going to take over the charge of the Department of Co-operation in this province in a few days. These last few months I have been attached with the department and have been hovering really round the fringes of the department. When I heard that this All-India Co-operative Conference was going to be held here I was under the impression that probably it will be a grand *mela*. On the other hand, I was very much impressed by the proceedings of this Conference and in connection with the discussions which took place this morning about the requisite training before a man could be appointed Registrar, I find myself using this Conference as a part of my training before I take over charge as Registrar. I must say that I was extremely impressed by the keenness and the enthusiasm which prevailed among the delegates from all parts of the country, and for the first time the importance which the co-operative movement has to play in our country impressed itself on my mind. I want to say a few words on behalf of the members of my department. This is the first time that this Conference

has been held in Lucknow. When it was held outside we could not afford to send all our officers to attend the Conference. This is the first time when every single member of our staff has had an opportunity of attending the Conference and profiting from its discussions. Whenever a Conference of an all-India nature is held in a particular locality, you find that a great deal of enthusiasm is generated in and round that particular region and, I have no doubt, that the fact that so many of the Government servants and co-operators of this province attended this Conference, is bound to have tremendous effect on my province at least during the next year or so. I do hope that this enormous enthusiasm which this Conference should have generated, and, I am sure, it has generated amongst our co-operative workers, will be of immense help to me during the next few years. I do not want to arrogate to myself any part of the functions of the Reception Committee—functions which properly belong to non-officials. But I should like to apologise for any discomforts which the delegates from outside might have experienced during their stay here. After all, the department was very closely associated with the reception arrangements—though we tried to keep ourselves as far as possible in the background. You have come to us at a time of impending famine and there is very little to be said about our inability to provide that amount of eating, drinking and merry-making which should have properly accompanied this Conference. But I do hope you have been round the city and seen something of Lucknow. Lucknow is particularly different from other towns of Bombay, Calcutta, etc., in that it is not a creation of the British rule in India. It is an old city with a clearly marked character of its own. It has been enormous pleasure to me and members of my staff to meet so many distinguished co-operators of India. I hope you will carry back pleasant memories of this Conference and of our co-operators both official and non-official.

Rai Bahadur P. N. Saprú, (Chairman, Reception Committee)—Brother Co-operators, I have great pleasure in proposing a hearty vote of thanks to our worthy President who has been a source of inspiration to us. We have seen with what great tact, ability and patience he has performed the onerous task that was laid on his shoulders. We have also seen with what great humour he has warded off certain criticisms and difficulties that came in our way. He has shown from his conduct and demeanour that he is really a co-operator—a co-operator in the real sense of the word. Gentlemen, his address has been both educative and instructive and the manner in which he conducted the proceedings, the fairness with which he allowed everybody to have his say, was such that we have great praise for him. He has, under his presidentship, joined together native States, Hindustan and Pakistan, a thing which even the Cabinet Mission has failed to achieve. We are very grateful to him for taking the trouble in coming over to this place and in disposing of such a heavy agenda and in such a short time without any complaints whatsoever. The women of the province will feel particularly gratified at the resolution that has been passed under his presidentship and we hope that that resolution will have

the desired effect and will prove beneficial not only to the womankind but also to the mankind who have not been so generous as they should have been in the past. But we do certainly hope that they will have the respect for the resolution that they have themselves passed unanimously. Now, gentlemen, we know what resolutions have been passed. We also know the mind of the President and the manner in which he has given you the whole epidemic of the proceedings that have been conducted in this House. I am sure that his presence here has inspired us all. One thing that has impressed me most is that throughout the proceedings the House remained full. I have attended hundreds of Conferences, Congresses, Liberal Federations and so forth but I have never found the House to be so full and attentive from beginning to end and that is due mainly to the great personality of our President. Our President has at least set one more example and that is that Co-operation is certainly not the monopoly of the I.C.S. or the P.C.S., but that even members of the Educational Service can aspire to that position, should the Government ever think to take advantage of their abilities and their patriotism. I once more ask you to carry this vote of thanks with acclamation.

Ch. Ram Swarup Chaudhury, (Punjab):—I need hardly make any additions in appreciation and praise of our worthy President, as the Chairman of the Reception Committee has already given expression to his sense of thankfulness and appreciation to the President. Our President is not only a co-operator *par excellence*. He has been an educationist and an educationist he is, if I may say so, Hira Lal. He is not only Hira but also Lal. We cannot thank him sufficiently for having conducted the deliberations of the Conference so ably when quite a large number of conflicting interests had to be reconciled by him. States *versus* Provinces, men *versus* women, Provincial Co-operative Banks *versus* Reserve Bank and what not. But he has succeeded in reconciling all these conflicting interests. He is not only a successful co-operator but a leading businessman and, added to that, his knowledge of men and women is great. During the deliberations of this Conference, you must have noticed how responsive to emotions he was at times. Whenever any speaker was in difficulty—I perhaps topped the list—he came to his rescue and there was quite a lot of conflict of interests amongst us. But he was always able to control and guide us so successfully that we cannot really thank him satisfactorily. With these words I crave your indulgence for permission to retire after praying for a very long life to the President.

Khan Mohammad Bashir Ahmad Khan, (Honorary Secretary, All-India Co-operative Institutes' Association):—It is now my pleasant duty to offer a vote of thanks to all those who have contributed to the success of this Conference. First of all, this Conference, as some of you might know, was to be held at Calcutta. But as Calcutta was in difficulties—food difficulties, political difficulties,—at the last moment we received a telegram that, on account of food situation, Calcutta Co-operators could not

hold the meeting there. We were in a great tin. However, the U.P. co-operators, particularly their very able Registrar, Mr. Siddiq Hassan, came to our rescue. Immediately I received the telegram from Calcutta, I wired to the President at Bombay. Mr. Siddiq Hassan was also there. He volunteered himself on behalf of the U.P. co-operators and invited the Conference to Lucknow. I also received invitations from other places but as this was very voluntary and in time, we were very glad to accept it. As you have seen, the acceptance of Lucknow for this Conference was very fortunate because we have seen what kind of co-operation exists here amongst officials and non-officials. As far as I understand, there is no such question as official co-operator *versus* non-official co-operator. I can say without fear of contradiction that the U.P. has forged ahead of many other provinces so far as the development of the co-operative movement is concerned. Although there are many other provinces which have done better, but U.P., which was considered one of the backward provinces in Co-operation, is now lining up and, in course of time with the able and distinguished Minister of Co-operation, whom I had the privilege of knowing when he was Minister of Co-operation before, and was presiding over the Provincial Co-operative Conference in Bijnor, would be a first class co-operative province. At that time he remarked that co-operative movement will have as much funds from Government as it could ask for. This time he made the same remark in another way that not an anna of the money demanded from the Government will not be given. So with that assurance and with the post-war schemes I am sure the co-operators of this province will give a very good account of themselves in developing the co-operative movement in this part of the country.

I have to thank the Hon'ble Dr. Katju for taking the trouble of inaugurating this Conference and delivering the inaugural address. One may not agree with some suggestions given in his address. But, all the same it was a very thoughtful and useful address and deserves your serious consideration.

I am particularly thankful to the members of the Reception Committee and, in particular, to its Chairman, Rai Bahadur P.N. Saprú, for making all the arrangements which they have done for all of us and the Secretary of the Committee for taking the trouble of accommodating us, for receiving us and for making transport arrangements in these difficult days of food and transport. So far as we have been in Lucknow, the food problem has not been a question to us and our transport difficulties have been removed—most of it by putting us opposite the Conference and by providing transport facilities to others who could not be accommodated near the Conference. Therefore, we have been feeling at home while we have been in Lucknow. So, our thanks are due to the members of the Reception Committee, the Chairman, the Secretary and all the workers of the Committee who co-operated in this work.

I am also to thank co-operators of U.P., in which I include both officials and non-officials, for attending our Conference. Besides the delegates of the U.P. Co-operative Union and the Provincial Co-operative Banks we had the privilege of having amongst us all the departmental officers of U.P. We had also the privilege of having amongst us all the representatives of the Provincial Co-operative Union. Thus, we had every facility in the deliberations of this Conference and they contributed a lot by their presence. As our Chairman was very kind, he gave full opportunity to every member to take part in the discussions. This has been very helpful, you will all agree, in arriving at useful conclusions.

I must also thank the Registrars and other officials, including the Financial Adviser of the Co-operative Department, Punjab, who have taken the trouble of coming over here in these difficult days of journey when there can be no reservation. I understand that there can be no reservation from Lucknow for our return journey and we have to take our chance on reaching the station. In spite of all these difficulties, the Registrars and other Co-operative officials have been very kind to attend and take part in the discussions. You will all agree that their wide experience and knowledge of co-operative movement has been very useful for our purpose.

Last, but not the least, I have to thank the representatives of the Reserve Bank of India for taking part in our Conference and giving their guidance where their guidance was necessary. I am particularly thankful to Mr. Rana Sher Jang Khan for his very sympathetic attitude. None could expect but a sympathetic attitude from him because he is one of the best co-operators you can conceive of in India. With his study, experience and knowledge we have been able in reaching at conclusions which will be very useful for our Conference.

I have to thank also our friends from the Forces. They have shown great keenness in the proceedings of our Conference. They have brought to our notice in a pointed form the necessity of expanding the co-operative movement among the demobilised soldiers. Now we realise that if we approach the Forces in a proper manner, they will be very useful in the development of the co-operative movement in our post-war schemes.

Before I close, I take the opportunity of thanking the ladies, particularly Mrs. Gupta and Begum Aizaz Rasool, who took part in our deliberations though a minor one. In the light of the resolutions passed it is hoped that the Standing Committee will pursue the matter further about the development of co-operation among women.

I have to thank the President for the able manner in which he conducted the proceedings of the Conference. The printed agenda was a very long one, but he got through it very ably. We are also thankful to all delegates who, in spite of the short notice and difficulties, have come to this Conference, both from the British Provinces and Indian States. I also

thank the workers who have taken so much trouble and the U.P. Co-operative Union, Provincial Co-operative Bank and the other associations who have been all very useful in looking after our comforts. With their help a cyclostyled copy of the resolutions passed, by now, is ready and for this our thanks are due to the staff of the various associations.

I have to thank the Reporters also who have taken the trouble of reporting the full proceedings of the Conference. The Reporters have been very keen on reporting every word you have said in the Conference and with their knowledge of legislative work we are sure that they will give us a complete report of the proceedings. With these remarks, I thank you all and I want to announce that, in the business meeting, Dewan Bahadur Hira Lal Kaji has been re-elected as President of the Associations; Sir Madhao Rao, G. Deshpande Deputy Chairman of the C.P. and Berar Provincial Co-operative Bank, has been elected as the Vice-President of the Indian Provincial Co-operative Banks' Association.

To my U.P. friends it will be a news that, on account of the interest taken by them, it was considered by our President that one of the seats of the Vice-Presidents should go to the U.P., and I am glad to announce that Rai Saheb Capt. Dalip Man Singh has been elected as one of the Vice-Presidents of the Institutes' Association. Mr. T. A. Ramalingam Chettiar, M. L. A. (Central) of Madras, has also been elected as Vice-President. Therefore, I hope that the policy which has been pursued in the past under the able guidance of our President will be continued in the difficult days which lie ahead of us.

For your information I may say that we are particularly thankful to the representatives of the Hyderabad (Deccan) who were kind enough to extend a very welcome invitation to hold our next special session of the Conference at Hyderabad. We had many invitations but we decided to hold the next Conference, as soon as the Report of the Co-operative Planning Committee is published, at Hyderabad and we expect that the Registrars of Co-operative Societies and the Ministers in charge of Co-operative Departments in States as well as in British Indian Provinces, will be invited and that they will extend us the privilege of attending this Conference, so that when we frame our resolutions on the Post-War Planning Committee we may have the privilege of hearing their views. One of our difficulties has been that persons who are in charge of Co-operation in some places, particularly in the higher spheres—I do not mean the Registrars—sometimes do not consider the Co-operative Movement in its proper perspective and do not attach the same importance to it as they would attach if they knew its principles and practices. If they attend our Conference we will be in a position to formulate our policy on the Post-War Plans. With these words, ladies and gentlemen, I take leave and once again thank you all.

President :—Before concluding the Conference, I wish not to reopen the ominous resolution of thanks that was so ably moved by the Secretary of the Conference. Everybody has to be thanked, but it is the Reception Committee to which we are so deeply grateful. In Bombay we co operators are mostly businessmen and, therefore, cannot spare so much of time as you gentlemen have thought fit to spare for our comforts. From morning till evening you have been in attendance to meet our wants. In Bombay we would have left you to yourselves with perhaps announcements here and there on board directing you to do this or that. We are therefore, conscious of our deficiencies and appreciate your perfections all the more. Lucknow, I was told, was going to be very hot, climatically as also perhaps with regard to discussions. I am glad to find that warmth existed not only in the discussions but also in the hearts, for which I am deeply grateful.

Now the Conference stands dissolved.

The Conference concluded at 6 p.m.

REPORT

OF THE
CO-OPERATIVE PLANNING COMMITTEE

OF THE
GOVERNMENT OF INDIA

Price Rs. 1-8-0.

Postage and Packing charges extra.

AVAILABLE FROM :

The Honorary Secretary,

All-India Co-operative Institutes' Association, Lahore.

PROCEEDINGS OF THE BUSINESS MEETING OF THE ALL-INDIA CO-OPERATIVE INSTITUTES' ASSOCIATION AND THE INDIAN PROVINCIAL CO-OPERATIVE BANKS' ASSOCIATION HELD IN THE OFFICE PREMISES OF THE REGISTRAR OF CO-OPERATIVE SOCIETIES, U.P., LUCKNOW, AT 10 A.M. ON THE 21ST APRIL 1946.

1. Amendment of the Constitution :

Resolved that the Standing Committee may be requested to consider the revising and re-drafting of the Constitution of the All-India Co-operative Institutes' Association.

2. Election of Office-bearers :

The following were elected as the Office-bearers of the All-India Co-operative Institutes' Association and the Indian Provincial Co-operative Banks' Association :

Name of the Member.	Name of the Association.
<i>President.</i>	
Dewan Bahadur Hiralal L. Kaji, M.A., B.Sc., J.P., I.E.S. (Retd.) Bombay.	1. All-India Co-operative Institutes' Association. 2. Indian Provincial Co-operative Banks' Association.

<i>Vice-Presidents.</i>	
1. Mr. T. A. Ramalingam Chettiar, B.A., B.L., M.L.A. (Central), Coimbatore.	All-India Co-operative Institutes' Association.
2. Rai Saheb Captain Dalip Mansingh, Fatehpur, U.P.	
1. Sir Madhaorao G. Deshpande, K.B.E., Nagpur.	Indian Provincial Co-operative Banks' Association.

<i>Honorary Secretary and Treasurer.</i>	
Khan Mohammad Bashir Ahmad Khan, M.A., LL.B., M.R.A.S. (London), Lahore.	1. All-India Co-operative Institutes' Association. 2. Indian Provincial Co-operative Banks' Association.

<i>Joint Secretaries.</i>	
Sri V. Viyyanna Pantulu, B.A., B.L., Madras.	All-India Co-operative Institutes' Association.
Mr. V. J. Patel, Baroda	
	Indian Provincial Co-operative Banks' Association.

3. Affiliation :

The application of the Tamil Nadu Co-operative Federation, Coimbatore, Madras Presidency, for affiliation with the All-India Co-operative

Institutes' Association was considered and it was resolved that it may be referred to the Standing Committee for consideration.

4. Publication of "Co-operation in India":

Resolved that the Standing Committees may be requested to take all necessary action for the publication of a book on "Co-operation in India".

5. "Indian Co-operative Review"—Editorial Board:

Resolved that the following may constitute the Editorial Board of the *Indian Co-operative Review*:

- | | |
|---|------------------|
| 1. Dewan Bahadur H. L. Kaji, M.A., B.Sc., J.P.,
I.E.S. (Retd.) | Chief Editor |
| 2. Khan Mohammad Bashir Ahmad Khan,
M.A., LL.B., M.R.A.S. (London) | Managing Editor. |
| 3. Mr. V. Venkatachalam, M.A., B.L. | Local Editors. |
| 4. Rao Bahadur Dr. B. V. Narayanaswamy
Naidu, M.A., B.COM, PH.D., Bar-at-law | |
| 5. Mr. K. C. Ramakrishnan, M.A. | Editors. |
| 6. Rai Bahadur Prof. B. Mukherjee | |

6. Donation to the "Indian Co-operative Review":

The Indian Provincial Co-operative Banks' Association hereby sanctions Rs. 2,000 as a donation to the *Indian Co-operative Review*.

7. Adoption of Accounts*:

The accounts of—

1. The All-India Co-operative Institutes' Association to the end of December 1945;
2. The Indian Provincial Co-operative Banks' Association to the end of December 1945; and
3. The *Indian Co-operative Review* to the end of March 1946; were adopted.

8. Venue of Next Conference:

In view of the invitation of the representatives of Hyderabad State, the next special Session of the All-India Co-operative Conference is resolved to be held at Hyderabad, Deccan, as soon as convenient after the publication of the Report of the Co-operative Planning Committee of the Government of India.

9. Vote of thanks:

Prof. S. K. Yegnanarayana Iyer proposed a vote of thanks to the President and the Secretary for the excellent way in which the task of the Associations is being carried out.

The President thanked the delegates for the help and co-operation extended by them in carrying out the business of the Associations.

* Audited Statements of Accounts appear in the following pages.

All-India Co-operative Institutes' Association, Lahore.

Receipts Statement for the period from 1st Jan. 1944 to 31st Dec. 1945.

RECEIPTS.	Rs.	A.	P.	Rs.	A.	P.
To Cash & Bank Balances on 1st January 1944—						
(1) With the Punjab Provincial Co-operative Bank, Ltd., Lahore	1,185	11	11			
(2) With the Clerk as imprest	9	12	0			
(3) Postage stamps in hand	8	5	8	1,153	18	2
To Membership Subscription—						
(1) For the year 1942-43	100	0	0			
(2) For the year 1943-44	825	0	0			
(3) For the year 1944-45	775	0	0	1,700	0	0
To Sale Proceeds of Books—						
(1) Co-operative Movement in the Punjab.	22	0	0			
(2) Indian Rustic	1	0	0			
(3) Year-Book and Directory of Indian Co-operation, 1944	57	8	0			
(4) Pioneering the New World Order	82	11	0	118	8	0
To the Indian Co-operative Review—						
(1) Subscription received	6	0	0			
(2) Advertisement charges received	230	0	0	236	0	0
To Donation of Year-Book—						
(1) From the Punjab Co-operative Union...	600	0	0			
(2) From the Punjab Provincial Co-operative Bank	250	0	0	850	0	0
Total				4,058	0	2

Checked and found correct according to books produced before us.

1. Assets of the Company should be valued and Regular Balance Sheet prepared.
2. Counterfoils of receipts issued should be maintained.

S. L. TACKNAIT & Co.,

40, NISBET ROAD, LAHORE.

Registered Accountants,

12th April 1946.

Govt. Diplomated Accountants,

Auditors.

All-India Co-operative Institutes' Association, Lahore.
Payments Statement for the period from 1st Jan. 1944 to 31st Dec. 1945.

PAYMENTS.		Rs.	A. P.	Rs.	A. P.
By Lahore office—					
(1) Stationery	Rs. A. P.	194	9 0		
(2) Allowance to Clerk	...	600	0 0		
(3) Bank Commission	...	9	6 0		
(4) General charges	...	33	5 8		
(5) Postage	...	326	12 0		
(6) Printing charges	...	247	8 0		
				1,411	8 8
By Bombay office—					
(1) Allowance to clerk	...	200	0 0		
(2) Postage	...	16	1 0		
(3) Printing charges	...	99	4 0		
(4) Stationery	...	5	12 0		
(5) Cash in hand with the Bombay office	...	2	2 0		
				323	8 0
By Meeting expenses—					
Joint Meeting of the Standing Committees held at Bombay in July, 1944.					
(1) Printing charges of 250 copies of Resolutions, paid	48 0 0				
(2) Miscellaneous other expenses paid through the Honorary Secretary of the Bombay Institute	82 0 0				
(3) T. A. paid to the Manager, I. C. R.	125 10 0			250	10 0
By Madras office—					
(1) Sale proceeds of 80 copies of the Year. Book, 1944, remitted	...	400	0 0		
(2) Amount sent to meet the expenses of the Establishment—					
(i) for March, 1944	250 0 0				
(ii) for April, 1944	150 0 0	400	0 0	800	0 0
By Co-operative Movement in N.-W. F. P.—					
Paper purchased for its publication	...			68	4 0
By Pioneering the New World Order	...			198	6 0
By Binding of Books	...			87	12 0
By Advance for purchase of furniture	...			50	0 0
By Postage on hand & Bank Balances—					
(1) With the Punjab Provincial Co-op. Bank	...	859	18 11		
(2) Postage on hand	...	8	7 0	868	4 11
Total	...			4,058	0 2

M. BASHIR AHMAD KHAN,
Hony. Secy., All-India Co-op. Institutes' Assn., Lahore.

INDIAN PROVINCIAL CO-OPERATIVE BANKS' ASSOCIATION.
Receipts and Payments account for the year ending 31st December, 1944.

RECEIPTS.	Amount.	PAYMENTS.	Amount.
To opening balance	Rs. A. P. 1,269 10 9	By salaries account	Rs. A. P. 60 0 0
		" Postage and telegrams	2 6 3
		" Stationery and Printing account	19 0 0
		By Closing balances—	
		In current account	Rs. A. P. 1,163 4 3
		In Savings Bank account	22 15 9
		Stamps in hand	2 0 6
			1,188 4 6
		Total	1,269 10 9
Total	1,269 10 9		

MUL RAJ BHAL,
Honorary Secretary.

We report to the Members of the INDIAN PROVINCIAL CO-OPERATIVE BANKS' ASSOCIATION, that we have examined the above Receipts and Payments account with the books and vouchers produced before us and certify that they are in accordance therewith.

WALKER, CHANDIOK & Co.,
*Chartered Accountants,
Registered Accountants.*

54, THE MALL, LAHORE.
Dated this 15th day of April, 1946.

List of names and addresses of the Delegates and visitors who attended the Sixth All-India Co-operative Conference held at Lucknow, from 19th to 21st of April, 1946.

Hon'ble Dr. K. N. Katju	Minister to H. E. Governor, U. P., in the Agriculture and Co-operative Department
Dewan Bahadur Hiralal L. Kaji	President, All-India Co-op. Institutes' Association and the Indian Provincial Co-op. Banks' Association, Bombay
M.A., B.Sc., J.P., I.E.S., (Retd.)	
Khan Mohammad Bashir Ahmad Khan, M.A., LL.B., M.R.A.S. (Lond.)	Honorary Secretary, All-India Co-op. Institutes' Association, Lahore
Mr. K. J. Khosla	Deputy Registrar, Co-op. Societies, Patiala State, Patiala
Mr. Bhagwant Kishore	Patiala State (Punjab)
Lt.-Col. S. B. Sardar Gurbaksh Singh	Amritsar (Punjab)
Khan Nawab Khan	Bhakkar, District Mainwali, Punjab
K. S. Ch. Mohammad Qasim	Hony. Magistrate, Gojra, District Lyallpur, Punjab
Lt. Khan Ghulam Qadir Khan	Khanewal, District Multan, Punjab
Dr. Jan Mohammad Alvi	Hissar, Punjab
Raja Jahan Dad Khan	Jatha Hathial, Dt. Rawalpindi, Punjab
Ch. Ram Swarup	Financial Adviser, Co-op. Dept. Lahore, Punjab
Mr. M. R. Bhide	Registrar, Co-op. Societies, Punjab, Lahore
Mr. M. Yunus	Assitant Registrar, Co-op. Societies, N.-W.F.P., Peshawar
" Y. A. Memon	Registrar, Co-op. Societies, Sind, Karachi
" Fatehchand Topandas	Hyderabad, Sind
" Badri Singh	Jodhpur State
" S. D. Ujwal	Registrar, Co-op. Societies, Jodhpur
" Brij Bahadur	Kishengarh State
" Kedar Singh	Ajmer-Merwara
" B. D. Ramble	Ajmer-Merwara
" Dipchand	Ajmer-Merwara
" Abdul Hakeem	Alwar State
" Bashir Ahmad	Alwar State
" H. N. Gupta	Alwar State
" Daulat Ram Saini	Registrar, Co-op. Societies, Bikaner State
" G. P. Khusro	Kotah State
" G. L. Khulkar	Registrar, C. S. Kotah State

Mr. Gajadhar Pd.	Kapoor, Ex. Registrar, C. S. Kotah State
" D. L. Gupta	Jaipur State
" Lakshmi Narain Chaturvedi	Registrar, C. S. Jaipur
Lt. Col. N. V. Bal	Resettlement Directorate, G. H. Q., Delhi
Captain T. Ramachandra	Resettlement Directorate, G. H. Q., Delhi
Mr. Amar Nath	Assistant Registrar, C. S. Bharatpur State
Pt. Brij Ballabh Sharma	Accountant General, Bharatpur
Mr. Bhailal J. Patel	Baroda State
Rao Bahadur K. S. Nayadu	Baroda State
Mr. G. K. Chitnis	Baroda State
" M. B. Patel	Baroda State
" V. J. Patel	Baroda State
" B. D. Patel	Baroda State
" B. R. Bhenoy	Reserve Bank of India, Bombay
Raua Sher Jang Khan	Reserve Bank of India, Bombay
Mr. U. S. Ramby	Reserve Bank of India, Bombay
" K. S. A. Khusey	Reserve Bank of India, Bombay
" Alam Wright, Kent	England
" Madhwakurup	Registrar, C. S. Travancore
" E. Eravithyar Pandanchthil	Travancore State
" G. R. Pillai	Travancore State
" S. Srinivas	Mysore State
Master S. Satyamurthy	Mysore State
Mr. P. I. Belliappa	Coorg
" R. Dasaratharama Reddi	Madras
Rao Bahadur S K Yegnanarayana Iyer	Madras
Mr. V. Viyyanna	Madras
" V. Jeggaraju	Madras
" P. S. Reddi	Madras
" V. Venkatachalam	Madras
Rao Bahadur T. M. B. Pillai	Travancore
Mr. R. Ramaswamy Naidu	Madras
" V. Damodaraswamy Naidu	Madras
" Vavilala Gopalakrishnayya	Rajahmundry, Madras
" G. A. Wasey	Patna Bihar
" T. P. Ghose	Patna Bihar
R. S. S. C. Roy	Additional Registrar, C. S. Orissa
Mr. Tarapedo Chowdhry	Bengal
Rai Sahib B. C. Das	Orissa
Mr. Ram Chandra Das	Orissa
Nawab Mir Akbar Ali Khan	Hyderabad, Deccan
Mr. M. A. Mirza	Hyderabad, Deccan

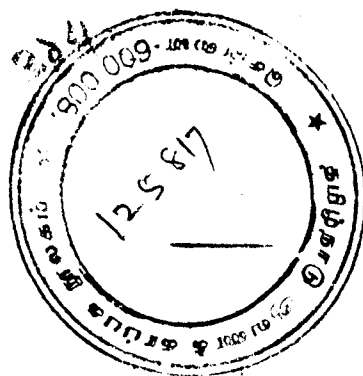
Mr. K. Shome	...	Assistant Registrar, C. S. Assam
„ S. K. Datta	...	Registrar, C. S., Assam
„ S. S. Hasan	...	Registrar, C. S., U. P. Lucknow
„ V. Viswanathan	...	Officer on Special Duty, Co-op. Department, United Provinces, Lucknow
Mr. J. P. Srivastava	...	Addl. Deputy Registrar, C. S., U. P.
Sahibzada Saiduzzafar Khan	...	Deputy Registrar, C. S., U. P.
Mr. R. P. Mathur	...	Deputy Registrar, C. S., U. P.
Rai Bahadur Pt. Permeshwar Nath Sapru,	...	Faizabad, U. P.
R. B. Mr. Brijnandan Lal	...	Farrukhabad, U. P.
Mr. Azimuddin	...	Ghazipur, U. P.
„ Rama Kumar Singh	...	Ghazipur, U. P.
Dr. Damodardas Vishnupuri	...	Aligarh, U. P.
Mr. Devaki Nandan Pandey	...	Almorah, U. P.
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Balance Sheet as on 30th June, 1946.

	Rs.		Rs.
Capital	... 6,81,700	Cash	... 57,64,762
Reserves	... 41,71,540	Investment in Govt.	
Deposits	... 3,50,97,017	Securities	... 2,15,22,938
Sundries	... 2,97,037	Other investments	... 1,27,000
Profit & Loss A/c.	... 2,71,986	Loans and Overdrafts	1,24,99,828
		Premises (acquired entirely out of profits Rs. 3,60,372).	
		Sundries	... 6,04,752
Total	... 4,05,19,280	Total	... 4,05,19,280

Analysis of Working.

	Year ending 30th June			
	1943	1944	1945	1946
	Rs.	Rs.	Rs.	Rs.
Paid up Capital	... 6,70,800	6,70,400	6,81,500	6,81,700
Reserves	... 33,91,109	36,80,330	40,30,590	41,71,540
Fixed, Current and other deposits	... 2,92,27,881	2,61,46,570	2,60,31,978	3,50,97,017
Net Profit	... 77,567	2,14,709	2,41,835	2,40,422
Amount transferred to Reserve Fund	... 25,000	1,00,000	1,00,000	1,00,000
Other Accounts	... 5,740	61,100	82,229	68,455
Dividend at 9 per cent.	60,365	60,368	60,869	61,302
Carried Forward	... 70,510	32,825	31,564	42,229

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MARCHES FROM STRENGTH TO STRENGTH

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1945	{ Renewal Expense Ratio	7.52
	{ New Business	67 lakhs
	{ Life Fund as on 31-12-45	25.45 lakhs

The Third Valuation of the Society conducted as on 31st Dec 1945, disclosed a substantial surplus and the Actuary recommends a reversionary bonus to all the with profit policy-holders, whose policies have been kept in force as on valuation date.

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