XIII, No. 2

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APRIL—JUNE, 1947

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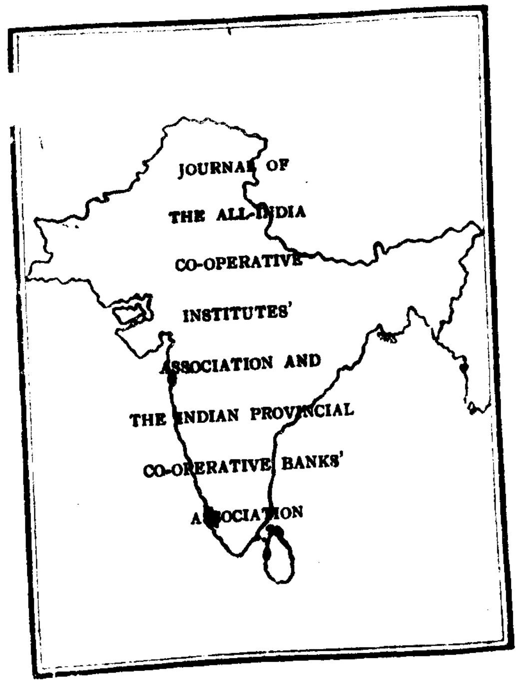
The INDIAN CO-OPERATIVE REVIEW



Published Quarterly

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

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

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THE INDIAN CO-OPERATIVE REVIEW

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THE INDIAN CO-OPERATIVE REVIEW

VOL. XIII APRIL—JUNE, 1947 No. 2

INTERNATIONAL CO-OPERATIVE DAY

Saturday, 5th July 1947

MESSAGE FROM INDIA, by Professor H. L. KAJI,

President, All-India Co-operative Associations.

India offers fraternal greetings to Co-operators of the World on this International Co-operative Day, when Co-operators re-affirm their faith in co-operative ideology and pledge themselves to continue to serve the cause evermore zealously and evermore assiduously. No more shall the exploiter of men or of nations mount to glory over sinking masses! No more shall the standard of living of one country or class be raised if that means the lowering of the standard of others! Not the survival of the fittest, but protection of the weak is our creed and the need of the day! Let not any country rise on the ashes of others! A nobler impulse must now pulsate and animate all. Never was *Each for all and all for each* more expressive of the need of the moment than now. Neither Capitalism with its extreme Individualism, nor Socialism degenerating into collective domineering, can be the just ordering of world economy. Co-ordinated production and equitable distribution under the ægis of Co-operation alone can offer the pleasing prospect of a rise in the general mass level of the world and the vision beatific of increasing approach to divinity.

India stands at the threshold of freedom. Co-operation, which so far has been a State policy, is on the eve of transformation into a Peoples' Movement. So long, almost confined to credit, Co-operation is about to embark on a swift career of extension and expansion, diversification and re-orientation, in the interests of the agricultural producer, the artisan and the consumer. Agriculture and industry, trade and transport alike, will prosper under the stimulus of assistance and direction by a Free India, which hopes to blend the initiative and skill of the *entrepreneur* with the willing participation and collaboration of the democrat under the multi-coloured flag of Co-operation, which knows no distinction of class or creed. Co-operation shall be the active principle of the economic planning of India and the harbinger of peace and plenty, progress and prosperity, so vital for her development. Let us pray for the advent and blossoming of the spirit of Co-operation to animate all human activity and to lead to true internationalism and universal brotherhood.

EDITORIAL NOTES

THE SEVENTH ALL-INDIA CO-OPERATIVE CONFERENCE

Madras had the honour of serving as the venue of the Seventh All-India Co-operative Conference and the Fifteenth Registrars' Conference, both of them held in the second week of May. Both of them were concerned mostly, if not entirely, with the discussion of recommendations made by two important Committees set up by the Government of India—one on Post-war Planning of Agricultural Finance with Prof. D. R. Gadgil, Director of the Gokhale Institute of Economics and Politics, Poona, as the Chairman and the other on Post-war Co-operative Planning with Mr. R. G. Saraiya, President of the Bombay Provincial Co-operative Bank as the Chairman. The All-India Co-operative Conference, a gathering of non-official co-operative leaders and workers, was presided over by Prof. H. L. Kaji, President of the All-India Co-operative Institutes' and Banks' Associations; the Registrars' Conference was presided over by the Hon'ble Babu Rajendra Prasad, Member for Food and Agriculture in the Government of India, —though Sir Pheroze M. Kharegat, the Secretary for Agriculture of the Government of India, took the Chair at some sessions of the Conference. We publish in this issue all the addresses and the resolutions passed at both Conferences, reserving the detailed proceedings of the All-India Conference to the next issue of the *Review*.

Mr. T. A. Ramalingam Chettiar, President of the Madras Provincial Co-operative Bank, welcomed the non-official co-operators and the Registrars assembled at the All-India Co-operative Conference. He regretted that the Co-operative Planning Committee did not have more non-official representatives. He agreed with Prof. Kaji's dissenting minute as regards de-officialisation and the restriction of the powers of departmental staff to statutory duties. He stressed the need for keeping audit and inspection entirely separate. He believed in the retention of unlimited liability village societies and the fulfilment of multi-purposes by them not in isolation but only with a federation of societies in business centres in the neighbourhood. He was not for a costly staff and a Central Council of Co-operation for all India, as the Central Government of the future would have even less to do with Co-operation than at present, but wanted a strong and representative Provincial Council of Co-operation. He extolled the work of co-operative societies in the procurement and distribution of foodstuffs, especially in South Kanara and Malabar, while he rather too severely criticised the formation and working of Producer-cum-Consumer Societies in the Circars. As regards agricultural finance, he agreed with the recommendation of the Co-operative Planning Committee that there was no need to create a new agency in the form of an Agricultural Credit Corporation, suggested by the Gadgil Committee.

The Hon'ble Sri K. Chandramouli, Minister for Co-operation in the Government of Madras, in his opening address at the All-India Co-operative Conference, agreed with the main recommendation of the Co-operative Planning Committee and stressed the need for the reformation of credit societies into rural banks with limited liability, each serving a group of villages, employing competent and well-paid staff and taking upon in addition to credit the supply of the simple needs of the cultivator for the production of crops, maintenance of cattle and the consumption of his family. It should also act as an agent for the sale of produce to the nearest co-operative sale society, serve as a milk-collecting station for the nearest co-operative dairy or milk supply union and last, but not least, encourage subsidiary occupations for its members. We are not so confident of the capacity of rural workers everywhere to run such multi-purpose societies which, by the way, are not the characteristic feature of Denmark, the classic home of single-purpose societies. But there is certainly a strong case for the other aspects of reform advocated above and for attempting one or two additional functions, especially helping purchase and sale as agent. The rest of his address was a fervent plea for the reorganisation of cottage industries on co-operative lines.

Prof. Kaji, in his presidential address, sketched in vivid terms the present political and economic background in which co-operative problems had to be viewed. He referred to the crazy communal clashes on the eve of the dawn of freedom—which fortunately did not infect the co-operative world—and corruption consequent on the control of prices and rationing of articles in short supply—the only silver line in the cloud being the co-operative agency for procurement and distribution, which sometimes did not get the help and sympathy it was entitled at the hands of Government. Dealing with the report of the Planning Committee, of which he was himself a member, he said, "there is nothing particularly striking or original in it. It is a plan for co-operative development in all conceivable directions" closely modelled on that of countries with which India had not much in common. One conspicuous departure was the advocacy by the Committee of more and more State-aid and control, while the Movement elsewhere stood for self-help and independence. Prof. Kaji entered a caveat against this in his dissenting minute to the report and he reiterated his views in the presidential address. He traced the post-organisation complacency and lack of initiative among members and even directors to the perpetual control and interference of the Co-operative Department in the affairs of societies. He asked the State "to assume entire control and responsibility for the working of societies or restore to the movement the popular character it lacks."

On the subject of agricultural finance he had already expressed his strong views—more or less the views of the Planning Committee later published—that there was no strong case for a separate Agricultural Credit Corporation recommended by the Gadgil Sub-Committee on Agricultural

Finance, but that co-operative credit societies and banks should be enlarged and aided initially so as to serve all credit-worthy borrowers who should be induced to come into the co-operative field and not stand out praying to the State for help. The Government of Bombay, he said, agreed with this view and set up a Committee to suggest practical steps. Prof. Kaji felt that co-operative marketing—linked with credit—would be of greater value than mere credit for members and would drive away the spectre of failure and overdues into thin air. He admitted the importance of cottage industries' societies, but instead of separate societies for finance or supply or sale of goods of cottage industries, he recommended general buying and selling organisations for all—agriculturists and handicraftsmen.

Prof. Kaji was of the view that co-operative education of all grades should be the concern of non-official Co-operative Institutes or Unions and not that of the Government. He welcomed the establishment of a Co-operative College at Bombay under the auspices of the Co-operative Institute and hoped that other Provinces would follow suit. He welcomed the idea of all-India Council of Co-operation recommended by the Planning Committee, but said that it should be more than a Council of Ministers and Registrars, and contain representatives of co-operative bodies as in the All-India Co-operative Associations, to which may be entrusted the control of the proposed Co-operative Institute of Advanced Studies and Research. Finally, he endorsed the idea of forming a Co-operative Party with an ideology of its own distinct from that of existing political parties, but he was not sure the time was ripe yet.

The resolutions passed at the Conference closely follow the lead given by the President in his address except on certain points. The resolutions and the discussion on the problem of voluntary or compulsory principle in carrying out the aims of particular types of societies rendering some essential service are not quite happily worded. It would be difficult to get the percentage of votes required for enforcement, even if we were agreed on the principle of compulsion. It would be better, in our view, to resort to any non-co-operative method of enforcement of any essential economic reform for which universal consent cannot be had. The resolution on the need for a Co-operative College is a watering down of the recommendations of the Planning Committee without any reason given—as a concession to the view held in higher co-operative circles in Madras that there is no need for a Co-operative College in the Province. In fact, Madras was for long yearning for a Co-operative College and the controversy was confined to which agency should run the College—Government or the Co-operative Union? Perhaps the Guardian knot has been cut this way. The resolution on Agricultural Credit Corporations is clear but it is too summary a disposal.

There was very little discussion of the issues raised by the Gadgil Committee on Agricultural Finance, the wisdom and fairness of adjustment of old debts, the reorganisation of co-operative societies and banks or the scope for non-co-operative institutions.

THE FIFTEENTH REGISTRARS' CONFERENCE

For the first time the Registrars' Conference was held at Madras on the 12th to 14th May last immediately after the All-India Co-operative Conference. The Hon'ble Sri O. P. Ramaswami Reddiar, the Prime Minister of Madras, in his opening speech, welcomed the President and delegates who had arrived from the 11 British Indian Provinces and 11 Indian States and reviewed rapidly the recent trends in the Co-operative Movement in Madras. He referred, in particular, to the Producer-cum-Consumer Societies and regretted their failure in the Circars, which he traced to their ill-timed start and the lack of trained personnel. He had no doubt that the principle was good. He referred with pardonable pride to the good work turned out by co-operative stores in the Madras Presidency to the tune of Rs. 25 crores per year, of land mortgage banks to the extent of Rs. 3 crores and of handloom societies to Rs. 4 crores. He wondered why co-operative banks should charge double the rate of interest at which they borrowed and was chagrined that commercial banks should refuse to lend to co-operative banks on the ground that these interfered with the normal channels of trade. He gave a stern warning to all champions of vested interests. Referring to the recommendations of the Co-operative Planning Committee, he deprecated the demand for State-aid contained in almost every recommendation, which went against the spirit of self-help, the very breath of Co-operation, though he conceded the need for some State-aid to start with. He looked forward to the right lead on matters co-operative and agricultural, from the distinguished President of the Conference—the Hon'ble Babu Rajendra Prasad.

Dr. Prasad, in the course of his presidential address reviewed the progress of the Movement in the last 45 years and pointed out the need for its reorganisation to fit it in the general plan for the economic development of the country. He expressed his firm faith in Co-operation in the following words: "One cannot think of a more wholesome philosophy for a country of self-reliant cultivators living in communities small enough for one person to know another and willing to pool their resources and create social and economic unity and strength". He stressed the importance of "looking at Co-operation more as a way of life than as a series of separate institutions for specific purposes". He administered a mild rebuke, in his characteristic way, to co-operative societies offering to depositors 8 per cent interest and charging borrowers 15 per cent—perhaps he had in mind societies in Bihar, etc.

Here is what he thought of the actual working of unlimited liability: "The unlimited liability of members and the facilities for enforcing their claims created a facile complacency and loans were advanced which did not fall strictly within the objects for which they could be advanced; and hardly any check was exercised on the utilisation of the loan by the debtor, who very often used it for non-productive purpose. The natural consequence was strict enforcement of the rules for realisation of the debt, taking over of lands in lieu of debt not only of the debtor but in many cases of others, who had unwittingly assumed unlimited liability and had been too lazy to see to it that the debtor did not abuse the trust and thus throw their own liability arising out of their impecuniousness on others. . . .". Dr. Prasad was wholly for the conversion of credit into multi-purpose societies and he raised the question whether in that case unlimited liability could continue. But he himself gave no answer for this as well as for a few other important questions he raised in the course of his address: voluntary *versus* compulsory principle, the extent of State-aid and control. He left them to be discussed and decided by the delegates at the Conference.

The resolutions passed at the Conference very closely follow the recommendations of the Co-operative Planning Committee and on some points not clearer than those passed at the All-India Co-operative Conference, *e.g.*, voluntary *versus* compulsory character of co-operative institutions. The resolution runs as follows, after affirming its faith in the voluntary principle: "It further recommends that where there is need for the provision of a common essential economic service or where the larger interests of the community require it, a resolution passed by a co-operative society should be made binding by law on non-members—provided that a substantial majority of the economic category or group affected accept it." Who are to be the judges of (i) what is essential, and (ii) what are the larger interests of the Community? Does the 'substantial majority,' refer to members of the society belonging to the category affected or to non-members so affected? If the latter are more numerous, what is the value of the resolution of a co-operative society which can be set at naught?

As regards the target to be aimed at, the Conference seems to have been more optimistic than the Planning Committee itself; for it accepts the target of the latter as the minimum to be aimed at, its ambition being to bring in 100 per cent of rural families within the ambit of sound and reorganised primary societies. As for rural housing, the Conference is content to recommend that at least one rural housing society should be started in every Province as an experimental measure and that Government should acquire land and make it over to a society for the purposes of building houses and sheds for cattle, etc. The Conference accepted the view that Audit should be entrusted to a special staff working directly under the Chief auditor and the Registrar. The question of holding only one all-India Co-operative Conference combining both official and non-official co-operators and also the question of setting up an all-India Council of Co-operation were referred to a Committee of four leading official and non-official delegates of the Conference. The recommendations of the Planning Committee on Education, Training and Research were accepted wholesale. The recommendations of the Gadgil Committee as regards adjustment of old debts were accepted *in toto* with very little discussion of its fairness or otherwise and its possible repercussions. But the Conference was not prepared to accept the recommendations of that Committee on the formation of Agricultural Credit Corporation but resolved instead that such functions could be entrusted to the Provincial Co-operative Banks, which may have to be given all the aid and the facilities recommended for the Corporation and that these banks should as far as possible deal with institutions and not with individual borrowers as the Corporation was recommended to do. The Conference blessed the scheme of the Government of Madras regarding the reorganisation of primary credit societies as rural banks with limited liability and multi-purpose and wider area of operations than a village in tracts where villages are small. The Conference considered the note of the Government of Madras regarding the conversion of District Co-operative Banks into branches of the Provincial Co-operative Bank in economically backward tracts (as recommended by the Rayalaseema Committee on Co-operation) and passed a resolution that "finance may be provided either by branches of the Provincial Bank or by central banks as may be more convenient"—which is no lead on the question raised. Another clause of the resolution passed was that in such tracts "it may be advisable to set up an Agricultural Credit Corporation if the co-operative agency cannot flourish". This is a misreading of the report of the Gadgil Committee which recommended a sort of Farm Security Administration for them.

CO-OPERATION IN THE PUNJAB

We are publishing a number of articles on Co-operation in the Punjab, which has been a sort of co-operative laboratory for India. This Province has not only a very large number of societies, but a great variety of them, some of which are not found elsewhere. Out of 27,000 and odd societies, two-thirds are credit, 90 per cent of which are found in the villages. But unfortunately, only 25 per cent of them are said to be working well. Rectification is possible of another 25 per cent; but the rest are so bad that they could not be pulled up in spite of war boom. They are a legacy of depression and indiscretion on the part of organisers and irresponsibility of members. As the Registrar of the Punjab says in a very candid contribution of his in this issue, there are people who would not save whatever be the amount of money you might pour unto them. What is heartening to hear is that on the whole there is a marked decrease in rural debt; there is an increasing flow of deposits into rural societies and central banks and their problem now is to find outlets for all their funds. There is a demand for other types of societies than the old simple credit society. It is for multi-purpose society, with limited liability and a larger area of operations than a village. We daresay the Punjab will not fight shy of experiments in any line.

Next to credit, the most important type of society in the Punjab is that of consolidation of holdings—of which there are nearly 3,000 societies in the Province at present. She was the pioneer in this line and no other Province or State comes anywhere near her in this field. The benefits of consolidation have been oft told; the improvements are concrete and visible. The demand for more societies is growing. But the consolidation so far done is confined to 5 per cent of the cultivated area of the Punjab.

There is a growing feeling even in the Province that some amount of compulsion is necessary for consolidation. Readers may refer to the article on this subject in this issue.

Another novel type of society in the Punjab is that for better-living, of which there are 2,200 now with 1,00,000 members. These have been working with varying degrees of success—in the spheres of sanitation, first-aid for men and animals—duties which in other countries and even in ours are assigned to local self-governing bodies which can exercise coercion if necessary and levy taxes. Allied to better-living societies are those for public health and medical aid; which are found also in Bengal in the form of anti-malarial societies, and in a few Eastern European countries like Bulgaria and Yugo-slavia. Really these again are normally the functions of local bodies and Government. But in a transition stage, Co-operation might point the way, for which the State ought to be thankful.

The Punjab has also taken the lead in the organisation of women co-operative societies—specially for the promotion of thrift and savings. There are about 400 of such societies; but we are sorry to learn that half of them are not doing well—due to lack of competent office-bearers and the exclusiveness of educated ladies, though most of the societies are in or near towns. The Lady Assistant Registrar, who writes on the subject, seems to be satisfied that nobody has opposed the Movement!

The Punjab, being a land of soldiers and ex-soldiers, has fostered a number of societies for ex-servicemen, many of them having had experience of shops, warehousing, handling and distribution of goods; co-operative stores has been organised for them, to start with to confine themselves to controlled goods. We are glad to note that some of them have extended their activities to the supply of agricultural implements—ploughs, chaff-cutters, etc.

Another new venture in the Punjab is the Transport Co-operative Society—on which there is a special article in this issue. It is said to be the outcome of the policy of nationalisation of transport. Conditions of motor transport had become very bad on account of cut-throat competition on the road, and it was necessary to organise competitors in co-operatives and reduce waste Details of organisation will be found in the article referred to. Another writer points to the danger of having capitalists as members, who are averse to admitting new members, just like the craft-guilds of old in Europe. He pleads for priority to the small man operating on the road or sweating in the workshop.

Readers of this *Review* would like to know more about the failures of some ventures in the Punjab—the land mortgage banks which she pioneered, the commission shops (sale societies) and consumers' societies. For, often, we have more lessons to learn from failures than from the successes on which co-operators usually like to dwell.

THE CO-OPERATIVE MOVEMENT IN THE PUNJAB

BY

CHAUDHRY MOHAMMAD AHSAN, M.A., P.S.C.S.,
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Facts and figures about the Co-operative Movement in the Punjab, as at the end of the co-operative year 1944-45, are given below:—

Total number of societies of all kinds on 31st July 1945 was 26,502 with a membership of 11,33,998 and working capital of Rs. 2,110 lakhs. Agricultural societies predominate, being 20,390 in number, with 8,38,944 members and a working capital of Rs. 546 lakhs. Out of these agricultural societies, the preponderant type is that of credit societies with unlimited liability, whose number at the end of 1944-45 stood at 16,469 forming 62 per cent of the total number of co-operative societies working in the Punjab. It is being perceived steadily but clearly that co-operative credit alone is not going to solve the innumerable problems with which the Punjab cultivator is being confronted in the complex changing world of to-day. As a matter of fact, the six war years (1939 to 1945) have so materially changed the position that there is very little need left now for any further concentration of attention on credit exclusively. The high prices of agricultural produce that have prevailed from 1941 to this time have considerably reduced the need of agriculturists for any liberal finance from credit societies. There is a marked decrease in the indebtedness of the members to the societies, and there is also a considerable increase in the funds of societies in the form of deposits of members and non-members, and of share capital. As a result of large recoveries of loans due from members, the credit societies have been able to materially reduce their debts which they had borrowed from the central banks, and the greater influx of deposits from members and non-members has made the primary societies remit their surplus funds to central banks, for whom the problem of the profitable investment of these funds has become quite a serious and perplexing one.

AGRICULTURAL CREDIT SOCIETIES

Number and Membership.—The number of societies in 1943-44 was 17,138 but fell to 16,469 in 1944-45, due to 744 cancellations—mostly in the south-east Punjab, and 75 registrations—largely in the Jullundur Division. The policy followed in the last two years has been cancellation of unsuccessful societies in preference to new registrations. As regards membership, 15,000 new members joined existing societies, while over 16,000 left them. Newly registered societies account for an addition of a little over 2,000 members, while 14,000 went out of the movement as a result of cancellation of 744 societies. The net result of all this has been a decrease of membership in these societies from 5,33,711 to 5,20,390. During the year 1944-45 a large number of persons particularly in the South-east Punjab, paid up their debts and left the societies. Heirs of deceased members were reluctant to come in.

The position in respect of increase of societies and their membership was, however, very satisfactory in the Jullundur Division. There were 58 registrations and only 17 cancellations in it; 7,700 new members joined old societies and only 4,643 left them, with the result that there was a net addition of 4,417 members in this Division.

Funds.—The position of agricultural credit societies as regards funds of various kinds will be apparent from the following figures:—

Nature of Fund	Amount as on 31-7-44 (in lakhs of Rs.)	Amount as on 31-7-45 (in lakhs of Rs.)
Share Capital ...	111.16	113.07
Reserve Fund ...	152.32	155.12
Other Funds ...	29.92	31.74
Profits ...	21.75	22.80
Deposits of Members ...	57.86	74.29
Deposits of Non-members ...	35.20	47.75
Loans due to Central Banks..	146.03	102.15
Working Capital ...	535.62	527.68

The thrift campaign in the form of attracting more deposits from members and non-members has been carried on very successfully in the Jullundur Division and Ambala district. The staff in these areas have made vigorous efforts to persuade all debt-free members to make deposits in their societies, as a result of which deposits from members and non-members in these tracts have increased during the year from Rs. 93.06 lakhs to Rs. 122.04 lakhs. Jullundur Division alone is responsible for Rs. 89.82 lakhs which gives an increase of Rs. 23.47 lakhs over last year's figure. Jullundur district alone has now deposits to the extent of Rs. 42.55 lakhs. At the end of the year 1944-45, 33,689 members out of 1,99,156 debt-free members in Jullundur Division had Rs. 53.81 lakhs in deposits with their societies. Rs. 5.71 lakhs were collected as share money in this Division during the year.

Loans.—During the year 9,052 societies lent Rs 124 85 lakhs to 78,409 members. A good deal of the lending of these societies is now for cultivation and purchase of cattle. Such loans this year formed 49.8 per cent of the total amount lent by societies as against 45.7 per cent last year. Since the year 1938-39 there has been a net reduction of over three crores of rupees in the amount of principal on loans, which is the direct result of the conditions created by the war; and to a certain extent, it is due to the large scale remissions granted to members in the Ambala Division. The number of debtors was reduced from 2,76,519 in the beginning of the year to 2,33,953 at its end, a net reduction of over 42,000 which is very satisfactory. Recoveries in principal amounted to Rs 166.21 lakhs and of interest

to Rs. 53.42 lakhs. Percentage of recoveries in principal comes to Rs. 46.76 as against Rs. 41.7 last year, which is highly gratifying.

The total amount of money due from members in C and D class societies at the beginning of the year was Rs. 144 32 lakhs in principal, and Rs. 114.78 lakhs in interest—a total of Rs. 259 1 lakhs out of total loan of Rs. 496.33 lakhs, *i.e.*, a little over 50 per cent. This is a discomfortable feature of the situation indeed. Recoveries in these societies were Rs 38.48 lakhs principal and Rs. 29.84 lakhs interest—total of Rs. 68.32 lakhs which is not bad.

Payment to Central Institutions.—Rs. 68.78 lakhs were repaid by societies to central institutions, as against Rs. 88.81 lakhs last year. The decrease in the figure is due to less amount being on loan. The total indebtedness of societies to Central Banks has decreased considerably during the year—from Rs. 146.03 lakhs to Rs. 102.15 lakhs.

Overdues.—

	1943-44	1944-45
Overdue Principal ...	Rs. 80.24 lakhs	Rs. 63.53 lakhs
Overdue interest ...	„ 157.98 „	„ 127.99 „
No. of members who paid nothing in two years ...	73,930	58,257

The figures compare favourably and give the idea of the success achieved in breaking old and wilful default. Of the overdue interest of Rs. 127.99 lakhs, almost the whole is covered by the suspense interest account, which stands at Rs. 122.39 lakhs.

Writing off of Debts.—The total amount written off in the Province during 1944-45 was Rs. 9,44,481 bringing the up-to-date total to Rs. 36,13,041.

Deficit Societies.—The total number of deficit societies at the end of the year was 4,074 as against 4,685 the previous year. The total deficit in these societies was Rs. 20.40 lakhs, which was due to some extent to the creation of suspense interest account according to departmental standard, but mainly to other reasons. The deficit can only be made up by improving recoveries and keeping adequate margin of profit in the borrowing and lending rates.

Classification of Agricultural Credit Societies.—

Class	1942-43	1943-44	1944-45
A & B ...	3,514	4,008	4,307
C (i) ...	5,260	5,249	5,270
C (ii) ...	4,106	3,645	3,017
D ...	4,189	4,121	3,739
Unclassified ...	169	115	136
Total ...	17,238	17,138	16,469

There is a welcome increase of nearly 300 in A and B classes. The increase in C(i) is nominal. The decrease in C(ii) of over 600 is partly due to improvement of C(i), and partly to their being put into D. D class societies have also decreased by about 400.

So far as the future development of the agricultural credit societies is concerned they must continue to be the basis of the co-operative movement; but their working should be modified on the following lines :—

(1) They should take up within their sphere the whole life of the village so far as possible, that is, they should act as multi-purpose societies; (2) should aim at admitting every one in the village who is worth admitting; (3) should be based, in future, on limited liability instead of unlimited liability which would not be suitable to their extended functions.

A brief description is, therefore, given below of only some of the more important or new types of non-credit societies :—

CONSOLIDATION OF HOLDINGS SOCIETIES

Next to agricultural credit societies these societies occupy a prominent and very important place in the Province. The working of these societies has proved of immense economic value to the agriculturists of the districts in which the work is being done on a larger scale that the demand for the start of fresh societies is increasing day by day, and this in spite of certain difficulties experienced in the working of these societies.

The total number of these societies rose from 1,874 to 1,945 in the year under review, and membership increased from 2,40,487 to 2,47,801. Total area consolidated during the year was 70,532 acres of which 18,790 acres were consolidated by 75 societies registered in 1944-45. Total area consolidated up-to-date is 14.38 lakhs of acres. 2,38,962 blocks before consolidation were reduced to 35,440 blocks. Larger amount of the work is being done in the Jullundur Division and Ambala district—the very areas which have got a strong credit movement. The cost of consolidation per acre works out at Rs. 5-10-8. Members make contributions to meet this cost. Contribution from them rose from Rs. 62,857 to Rs. 75,420 in the year 1944-45.

As a result of consolidation done during this year 151 new wells were sunk and 62 old wells were repaired, bringing the up-to-date total to 8,511 and 558, respectively.

The special staff appointed for this work at the end of 1944-45 consisted of 2 Assistant Registrars, 56 inspectors, 279 sub-inspectors, one Extra Assistant Settlement Officer, 8 tahsildars and 12 naib-tahsildars, besides a large clerical and menial staff. In addition to this staff, 9 Assistant Registrars were also in charge of this work in addition to other co-operative work. Besides this there is a staff of one Extra Assistant Settlement Officer, 2 tahsildars, 5 naib-tahsildars, 90 patwaris along with

clerical and other staff dealing with the revision of the record of villages consolidated in the past.

CO-OPERATIVE COMMISSION SHOPS

The aim of these shops is to arrange for the profitable sale of the agricultural produce of the members. There are 21 sale shops at present with a membership of 5,220 and a share capital of Rs. 2.94 lakhs and reserve and other funds of Rs. 1.17 lakhs. During the year, these shops sold 7,81,770 maunds of agricultural produce worth Rs. 71 51 lakhs, as compared with 6,41,271 maunds worth Rs. 68.17 lakhs last year. More than half the produce sold, however, belonged to non-members. Rs. 8.21 lakhs were advanced to members and non-members against the security of their produce. Rs. 13.16 lakhs were advanced without the security of produce of which Rs. 12.72 lakhs was to non-members, which being against the by-laws should stop. Ten commission shops declared a dividend, while seven gave a rebate to their members. Salaries of managers of most of the commission shops are now being paid by the Government, though a large portion of the cost of salaries is recovered from the shops. The total cost to Government in the year 1944-45 on this account was Rs. 15,356 of which Rs. 11,512 was recovered as contributions from the shops.

Besides the commission shops, there are two sale societies with 65 individual members and a working capital of Rs. 72,162. During the year, they sold 98,848 maunds of agricultural produce worth Rs. 9.83 lakhs, as against 65,924 maunds worth Rs. 8.48 lakhs last year. The value of produce belonging to non-members was Rs. 3.69 lakhs.

There is one sale society of large land-owners round about Okara in district Montgomery, called the Okara Zamindar Sale Society. It has 32 members and a working capital of Rs. 1,37,767. It sold 2,41,772 maunds of produce worth Rs. 27.05 lakhs as against 2,23,828 maunds worth Rs. 30.82 lakhs last year. Of this the value of the produce of non-members was only Rs. 1.85 lakhs. Members of this society are very loyal, and it is well run and has a very efficient manager.

SOCIETIES OF CHO AND LAND RECLAMATION

The object of these societies is to reclaim the land, which has been eroded by hill torrents or is damaged otherwise. There is a special staff of 8 inspectors and 46 sub-inspectors for the supervision of these societies, whose total number is 442 with a membership of 13,979. Hoshiarpur has 191 societies with 7,073 members, Ambala 121 societies with 4,808 members, Rawalpindi division has 76 societies with 1,096 members, and Gurdaspur has 19 societies with 407 members. The work is done by the Co-operative Department under the technical guidance and supervision of the Forest Department Officers with whom the closest contact is maintained.

The total area under the control of the 191 societies in Hoshiarpur district is 90,600 acres, of which about 71,000 acres is closed under the Forest and Cho Act. The societies employ their own guards to see that grazing and cutting of trees, etc., do not take place in the closed areas. On these guards the societies spent over Rs. 19,400. These societies get a large income from the sale of trees and grass. The income on this account in 1944-45 was Rs. 1.93 lakhs. They spent a good deal of money and labour on anti-erosion work. Last year about 420 acres were planted with Kharkhana grass and 82,000 plants at a total cost of about Rs. 1,200. Thokars and *bunds* were also constructed at a cost of about Rs. 6,000. The net income distributed to members last year was a little over one lakh of rupees.

In Ambala district over 38,000 acres are under the control of the societies and of these about 20,000 acres are closed. They planted 32,000 plants and a good deal of grass on the *bund* under their control. The net income of these societies last year was Rs. 27,351. One society alone sold Kikar trees worth Rs. 17,000. The societies in the Rawalpindi division control 46,000 acres.

FOREST SOCIETIES

The main object of these societies whose number is 43, membership 5,168 and working capital Rs. 54,267, is to manage the village owned forests which are handed over to them. Working plans are prepared by Officers of the Forest Department, and have to be followed carefully by the members of the societies. Forest Department Officers are continuously supervising and guiding the working of these societies. The area under the control of these societies is now about 47,000 acres including about 20,000 acres of reserved forests. At present 70 villages with a total area of a little over one lakh of acres are being dealt with under the scheme. So far the work done has been very satisfactory. The income of these societies during the year under review, including the Government grant, was Rs. 33,838 of which Rs. 7,519 were distributed among the members. The societies are also required to plant new trees so that the forest wealth is maintained. Last year a little over 1.12 lakh plants were transplanted and 3 maunds and 7 seers of seeds of various plants were sown. The work, in fact, has succeeded beyond our expectations, and there is a large demand from new villages for such societies.

BETTER-LIVING SOCIETIES

There are 2,185 societies of this type with a total membership of 1,00,185, and reserve and other funds amounting to Rs. 95,449. Contributions received from members of 793 societies for carrying out various village improvements amounted to Rs. 1,43,538, as against Rs. 1,18,466 last year from members of 762 societies. These societies work on different lines in different places according to the local conditions. Among their more important activities are the improvement of sanitation, provision of manure pits, watbandi, veterinary and human first-aid, cattle-breeding, encouragement of village games and avoidance of waste, etc.

In Ambala district, about 5,000 manure pits were made or repaired by the societies. Forty societies in this district are employing sweepers to clean the villages. Watbandi is on about 23,000 bigas of land. In Hoshiarpur Rs. 2,071 were spent by the societies on purchase of medicines and medical equipment and employment of a nurse. Pohli eradication work has been done on 2,400 acres. Over 6,000 people were re-vaccinated and Rs. 600 were spent on compulsory education. In Ferozpore over Rs. 14,000 were collected by better-living societies and spent on repairs of wells and construction of a guest-hall and a school building. In Sialkot, the societies spent Rs. 300 in giving prizes for village games. In Gujranwalla 17 sports clubs were started in some villages. In Jullundur in addition to subscriptions of Rs. 7,500 the societies collected over Rs. 1,800 by the sale of *shamlat* (common) land. This money was spent on various activities including the construction of a common guest-hall and a place of worship. In Montgomery, Rs 2,640 were spent on repairs of mosques, while Rs. 400 were spent on education and Rs. 300 for a Dehat Sudhar Club building. Large amounts were collected in Jhang and spent on the construction of school buildings and a place of worship and repairs to wells. In Multan footpaths were constructed at various places at a cost of Rs. 3,500 which was contributed by one of the local landlords. In Muzaffargarh some societies built a room reserved for women.

PUBLIC HEALTH AND MEDICAL AID SOCIETIES

These societies number 109 and their membership is 15,289. They are financed partly by Government, partly by local subscriptions and partly by contributions from District Boards. The contributions from members in 1944-45 were Rs. 32,884, donations amounted to Rs. 8,060, and Government and District Board grants came to Rs. 49,421. Their work has been seriously hampered by the shortage of doctors. About half the societies are without full-time doctors at present. Some of them are carrying on with well-trained nurses or trained compounders, while some manage with the services of a part-time doctor from an adjoining hospital or dispensary who comes once or twice a week. There is still a very acute shortage of doctors, and there can be no progress in the working of these societies till the doctors come back from the Army and go back to the villages. The total number of patients treated in 1944-45 by these societies was 6,67,788, of whom about one-third were non-members. The average attendance of patients per month comes to 55,649. In societies which had qualified doctors the standard of medical aid given was quite satisfactory. In some cases even major operations were performed. For example, in Ambala district 88 major operations and 1,264 minor operations were performed and 194 delivery cases were attended to.

INDUSTRIAL SOCIETIES

The present number of these societies is 370, their membership is 5,704 and working capital Rs. 9,36,073. Liability of only 7 of these is limited; others have unlimited liability.

Out of these 370 societies, 210 are of textile workers, 64 of shoe-makers, 29 of carpenters, 28 of smiths, 2 of oilmen and 37 of other workers. Recovery of loans in these societies was 20.43 per cent in 1944-45. Most of these societies are not working satisfactorily, and that is why they have large overdues of both principal and interest, which amount to Rs. 3,02,034 and Rs. 2,68,973, respectively. Total amount on loan to members on 31-7-45 was Rs. 3,09,428.

The societies made collective purchases of yarn, dyes, leather, wood, methylated spirit, iron, steel, etc., to the extent of Rs. 58,981, and their collective sales of finished goods such as desuti, dusters, mazri cloth, chhaguls, chupplies, shackles, knives and their supplies to the Defence Department amounted to Rs. 2,13,028, besides sales of Rs. 97,370 through agencies, shows, etc.

TRANSPORT SOCIETIES

It is a new venture in the Punjab and is briefly described below :—There are 13 such societies, with 777 members and Rs. 37.60 lakhs as working capital. They came into existence as a result of rationalisation of motor transport. Prior to the formation of these societies there was a very large number of vehicles on the roads, and cut-throat competition and uneconomic rates were universal, with the result that conditions of motor transport had become simply disgusting. It was, therefore, decided by the Government to abolish individual operators, and to form them either into joint-stock companies or co-operative societies. The members of these societies were mostly owners of one, two or more lorries; these lorries and permits have now been taken over by the societies and the members have been given shares equal to the value of the lorries according to the valuation made by a board appointed by the members. Every member must own shares of the value of at least Rs. 2,500 subject to a maximum of Rs. 15,000 or one-fifth of the total paid-up share capital, whichever is less. All the members have one vote each irrespective of their share holding. The value of the lorries in excess of the shares allotted to a member is either returned to him or is kept as his deposit in the society. The societies are given a monopoly on a particular road and only they can operate vehicles on that road. The number of trips which any company can do on any one road is fixed taking into consideration the amount of traffic on that road in the past.

The existing members of these societies are generally big capitalists, and they are opposed to the inclusion of new members which is not sound from the co-operative point of view. These societies get large scale

assistance from Government in the form of free supervision and audit at a very low cost; they are exempt from income-tax under the Co-operative Societies Act; they must, therefore, be converted into real co-operative societies of the small man operating on the road or sweating in the workshop whose admission into the societies is at present being opposed by the wealthier members. If this is not acceptable to the present members we shall have either to close them or withdraw their exemption from income-tax, etc.

There is a special staff of 5 inspectors sanctioned by the Government for the supervision and control of these societies. The Punjab Co-operative Union has appointed a staff of 30 sub-inspectors for the audit of these societies for which purpose the societies pay 5 per cent of their profits as contribution. Profits made by these societies during the year amount to Rs. 4.41 lakhs.

WOMEN'S SOCIETIES

Comparative figures relating to these societies for the last two years are as follows :—

	No. of Societies	Membership	Working Capital Rs.
1943-44	379	8,103	3,90,354
1944-45	390	8,773	5,03,516

There is one Lady Assistant Registrar, 2 Co-operative Inspectresses, 25 sub-inspectresses and one industrial inspectress for the supervision and control of these societies.

The societies mostly lie in the towns or in villages very near the towns. Good secretaries are hard to find in most of the societies because of illiteracy of majority of the members.

Contributions received and returned will be seen from the following table :—

		1943-44 Rs.	1944-45 Rs.
Amount received	...	1,76,288	2,54,775
Amount returned	...	1,13,265	1,31,479
Amount at the end of year	...	3,00,940	4,24,199

The position with regard to deposits is as follows :—

		Rs.	Rs.
Amount received	...	47,236	28,149
Amount returned	...	19,989	39,183
Amount at the end of year	...	85,593	73,497

Contributions in these societies are generally more welcome than deposits.

Financial Position :—There are two main sources of the income of the Punjab Co-operative Union :—1. P. C. U. Contribution and 2. Government grant.

P. C. U. Contribution is charged at the rate of 10 per cent of the annual net profits of every co-operative society in the Province. The income and expenditure of the Union for the year 1945-46 was about Rs. 12,00,000.

Education and Training :—As usual training classes were held for Secretaries, Office-holders of Primary Societies, Liquidators, Execution-agents, Sub-Inspector Candidates, Inspector Candidates and the Military Personnel.

'Co-operation' :—The Punjab Co-operative Union publishes a monthly magazine "*Co-operation*". It is the organ of the co-operative movement in the Punjab. It continues to serve the useful purpose of spreading the gospel of 'Co-operation'. All kinds of registers, by-laws for co-operative societies are published and sold by the P. C. U. throughout the Province.

Library :—The Punjab Co-operative Union has a decent Library which contains up-to-date books on the co-operative movement in different parts of the world. Advantage was taken of the library facilities by the Co-operative staff, members of the public and students of M.A. (Economics), M. Com., and B. Com., of the Punjab University.

The principal suggestion made by the Co-operative Planning Committee of the Government of India is that "an attempt should be made to bring 50 per cent of the villages and 30 per cent of the rural population within the ambit of the reorganised primary societies, within a period of ten years in two five year periods".

According to the Post-War Schemes of the Punjab Government a similar target has been fixed. "That at the end of 10 years at least half the villages in the Province will have co-operative credit societies and at least 25 per cent of the cultivators will be members of such societies."

The post-war development of the co-operative movement will mean a considerable expansion in the activities and responsibilities of the Punjab Co-operative Union, Lahore.

Co-operative Societies in the Punjab, 1945-46.

No.	Kind.	No. of Societies.	No. of Members.	Working Capital. Rs.
1.	*Central Societies* :			
	Provincial Bank ...	1	11,861	3,73,90,613
	Central Banks ...	47	20,070	9,79,96,290
	Banking Unions ...	67	3,761	2,18,52,734
	Misc (Industrial Banks & Unions).	5	417	8,12,864
	Central Non-Credit ...	61	9,676	32,87,313
	Total ...	181	45,285	16,13,39,814

No.	Kind.	No. of Societies.	No. of Members.	Working Capital. Rs.
2.	*Agricultural Societies* :			
	Mortgage Banks ...	9	3,388	3,00,863
	Agricultural Credit	16,372	5,22,075	5,63,10,579
	Supply Societies ...	19	1,364	1,23,905
	Multi-purpose Societies of ex-service-men ...	2	396	1,76,350
	Silt Clearance ...	38	1,029	759
	Cho Reclamation ...	654	29,858	2,48,546
	Stock Breeding ...	828	21,413	15,754
	Better Farming ...	415	8 561	13,299
	Consolidation of Holdings ...	2,903	2,57,913	1,77,385
	Commission Shops & Sale Societies.	42	9,985	8,23,253
	Crop Failure Relief and Provident Fund Societies ...	91	1,858	29,328
	Guzara Gunglat ...	6	561	50,984
	Veterinary First Aid Centres ...	238	11,071	6,772
	Grain Thrift ...	28	4,397	88,638
	Land Revenue Redemption ...	2	42	25,762
	Land Holdings Societies ...	5	92	65,854
	Total ...	20,572	8,68,003	5,84,63,031
3.	*Non-Agricultural Societies* :			
	Credit Limited ...	235	34,339	84,56,105
	Credit Unlimited ...	996	32,254	41,62,912
	Supply Societies & Stores ...	50	6,838	6,43,027
	Printing Press ...	1	14	20,970
	House Building ...	4	1,247	35,04,944
	Labour Societies ...	1	378	1,273
	Boatmen Societies ...	1	12	9
	Motor Transport Societies ...	13	2,720	46,11,840
	Artisans ...	372	6,009	7,57,136
	Dairy Societies ...	1	5	104
	Spinning Societies ...	2	87	906
	Poultry Societies ...	7	96	75
	Thrift & Savings Societies ...	1,804	32,068	22,06,925
	Compulsory Education ...	64	3,245	21,053
	Education Societies & Associations	6	391	76,716
	Economic Knowledge Societies ...	8	200	1,091
	Adult School Societies ...	71	3,816	
	Arbitration Societies ...	72	16,498	6,269
	Better Living Societies ...	2,350	1,09,342	1,76,141
	Medical Aid & Public Health Societies ...	120	17,171	94,292
	Human First Aid Centres ...	11	382	105
	Anti-Malaria Societies ...	2	186	6
	Total ...	27,053	11,74,856	23,45,44,235

MISCELLANEOUS SOCIETIES

Some other types of societies are working in the Province of which detailed account has not been given. Their number and membership alone are noted below.

Type of Societies.		No. of Societies.	Membership.
Registered Veterinary First Aid Centres	...	165	8,217
Stock Breeding	...	729	16,180
Better Farming	...	245	5,456
Fruit Growing & Vegetable Growing	...	107	1,797
Bee-Keeping	...	26	376
Silk-Worm Rearing	...	1	12
Grain Thrift Societies	...	28	3,043
Crop Failure Relief & Provident Fund Societies	..	91	1,816
Non-Agricultural Credit Societies	...	1,244	67,176

CENTRAL BANKING INSTITUTIONS

There are 48 Central Banks, 68 Banking Unions and 4 Industrial Unions. Their membership consisted of 4,265 individuals and 20,413 societies, and their working capital amounted to 1,003 lakhs of rupees. Owned capital of these institutions stood at Rs. 165 lakhs, and profits came to Rs. 16 11 lakhs. Total fixed deposits in them stood at Rs 677.89 lakhs, Savings Bank deposits at Rs. 282.58 lakhs and current deposits at Rs. 110.32 lakhs. During the course of the year, they lent Rs. 35.92 lakhs to their affiliated societies, and the percentage of their recoveries in principal was 42.2. Overdues of principal amounted to Rs. 21 38 lakhs and of interest to Rs. 29.39 lakhs.

Over Rs. 40 lakhs were deposited by the societies in Central Institutions during the year. The amount held by these societies in Central Institutions at the end of the year was almost double the amount held two years ago. This shows that cultivators are depositing their surplus income in co-operative societies who in turn are depositing their surplus funds in Central Institutions on a large scale.

The deposits of non-members in central institutions have gone up by over Rs. 50 lakhs during the year. The amount held on their behalf is Rs. 434.75 lakhs as against Rs. 297.16 lakhs two years ago. This increase is the proof of the confidence enjoyed by the investing public in our institutions.

THE PUNJAB CO-OPERATIVE UNION

The Punjab Co-operative Union is the pivot of the co-operative movement and it serves as a focus for voicing the opinions of the co-operators of the Province on all matters of co-operative policy and development. It is the chief non-official democratic co-operative organisation in the Province, representing 28,000 co-operative societies, having 12 lakhs of co-operators as members and a working capital of Rs. 25 crores.

All central co-operative banks, unions, mortgage banks and co-operative commission shops in the Province are its members. The gazetted officers of the Co-operative Department are its ex-officio members. There is no membership fee either from co-operative institutions or from ex-officio members. The number of its members in 1945-46 stood at 237.

The Union represents every part of the Province. The General Meeting consists of delegates from member Institutions. The last meeting was held in April 1946, and was attended by over 300 co-operators. The Executive Committee consists of 32 members. This is annually elected by the General Meeting. One representative is elected from each district. Meetings of the Executive Committee are held when necessary.

The Punjab Co-operative Union is affiliated ro the International Co-operative Alliance, London ; Horace Pluncket Foundation, London ; All-India Co-operative Institutes' Association ; The Indian Economics Association ; and the Indian Society of Agricultural Economics, Bombay.

Functions :—Briefly it may be stated that the Union has four main functions :—

1. Audit of all co-operative societies in the Punjab ;
2. Supervision of all co-operative societies in the Province ;
3. Training and education of the co-operative staff, office-holders and members of co-operative societies and the general public ;
4. Organisation and development of the co-operative movement and propaganda for this purpose.

It carried on all these functions throughout the year 1946 successfully with the help of the Co-operative Department. The Union has a staff of over 1,000 sub-inspectors, auditors, supervisors and sub-inspectresses. The staff of sub-inspector auditors audited 27,000 societies in 1946.

All central co-operative banks and banking unions in the Province are audited once a year. The audit is conducted either by firms of professional auditors (Registered Accountants) on the approved list or by the P.C.U. Auditors (whole-time employees). The number of firms of professional auditors on the approved list is 10. The professional auditors audited 30 central co-operative banks, The Punjab Provincial Co-operative Bank, Lahore, The Delhi Central Co-operative Bank, The Amritsar Industrial Bank, 9 banking unions and 4 primary societies. The amount paid to them in 1946 as audit fee was Rs. 85,000.

The P. C. U. Auditors audited 20 co-operative societies in 1946 consisting of 11 Central Co-operative Banks, 4 Transport Societies, 4 Banking Unions and 1 Consumers' Store. The Auditors also gave lectures on Accountancy and Book-keeping to the class of Inspector candidates held at Gurdaspur and to the Refresher Course of Secretaries of Banking Unions.

TRANSPORT CO-OPERATIVES IN THE PUNJAB

By

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Objects of Post-War Planning.—The objective of all post-war plans is to raise the standard of living of the people and to increase their purchasing power so as to lead them on to a full and rich life. Development of roads and a rationalised transport system are urgently needed, as without proper and inexpensive access to all parts of the province, particularly the outlying areas, no improvement can be fully introduced.

Road Transport.—There are 74,000 miles of metalled roads and 2,26,000 miles of un-metalled roads in India. 30 per cent of the metalled roads run parallel to railways, while 48 per cent of the railways have metalled roads parallel to them and within ten miles. The mileage works out at a little over 7 miles per 100 sq. miles. Thus we are very poorly provided with roads Moreover, the road-system is not planned to complement the railway transport; it constitutes a factor of wasteful competition.

Although not more than one-twelfth of British India, in area and population, the Punjab produces about one-fifth of the agricultural produce of the country and contributes something like half of the men to the Indian Army. The Punjab with some 5,000 miles of modern surface roads has a larger mileage of such roads than the rest of India.

The bullock cart, the traditional symbol of Indian village economy, will disappear from the scene when the post-war project of constructing 16,730 miles of rural roads in the Punjab will materialise. These roads, it is anticipated, will be linked up with "mandis" (markets) so that enterprising farmer will profitably employ motor transport in place of the bullock cart for transporting his produce from the field to the market. This is visualised in the post-war plans of the Punjab Provincial Transport Authority, which is busy revolutionising the existing system of road transport in the Province.

The lengths given below show the existing and the proposed length of roads provided in the Punjab Road Development Scheme. The arterial road system which consists of National Highways, Provincial Highways and District major roads will look after the regional, provincial and urban interests of the Province and the Rural Road System which includes District minor and village roads in conjunction with the arterial system is intended to provide access to rural areas.

	Proposed. Miles.	Existing. Miles.	Total. Miles.
(*a*) ***Arterial Road System***—			
1. National Highways ...	566	1,715	2,281
2. Provincial Highways ...	2,801	1.853	4,554
3. District Major Roads ...	3,769	1,453	5,222

	Proposed. Miles.	Existing. Miles.	Total. Miles.
(*b*) *Rural Road System* –			
1. District Minor Roads ...	6,643	305	6,948
3. Village Roads ...	11,260	...	11,260

These would give an incidence of .33 mile per square mile against the existing incidence of metalled and unmetalled roads of only .05 and .28 mile per square mile respectively. The target aimed at is that all roads shall be all-weather roads and there will be almost no town in the province with a population of 5,000 or over which will not be connected by a metalled road and there will be no village in the province which shall be more than 2 miles from an all-weather road.

The cost of the whole 15 year plan is estimated to be Rs. 69 crores. This scheme, in addition to providing a very essential service for the future economic and social development of the Province, will absorb a very large number of demobilised servicemen as well as road-making machinery, trucks, etc., the surplus from the Army.

The road transport services have in the past suffered from uneconomic competition and were maintained by operators at a very low level of efficiency. With the implimentation of the road development scheme very heavy demands will be made on the transport system of the province. To meet this contingency the Provincial Transport Department has started a programme of rationalization of the transport system and has already achieved considerable success. Out of a total of 4,460 individual permit-holders, 106 transport companies have been organised, of which 92 are limited liability companies and 14 are co-operative societies. Standard designs for motor bodies have been provided on a number of routes. Government have also decided to take over a number of passenger and goods services.

In the post-war period it is proposed to extend the activities of the department and aim at complete replacement of individual permit-holders by limited liability companies, improvement of bus designs, construction of up-to date standards, provision of suitable accommodation for all classes and other amenities for the public, setting up of time-tables for service, establishment of separate departmental staff for inspection of vehicles, organisation of road parcel services, construction of a central workshop for the maintenance and repair of vehicles and acquisition of badly managed concerns by Government. Government are also considering to what extent, if at all, a controlling interest in road transport generally should be acquired by them.

Co-operative Transport:—Proposals for organising Co-operative Transport Societies in the Punjab have been under the consideration of the Transport Authorities and the Co-operative Department for the last four years. The conditions under which motor lorries operate in the Province are extremely unsatisfactory in addition to being uneconomic. There is complete absence of co-operation between different owners operating on the routes. Attempts were made to remedy this by forming limited companies and unions under the Joint Stock Companies Act; but these efforts were not successful as the share-holders were inclined to get entangled in quarrels and litigation. Adequate provision for official control and supervision cannot be made in the Articles of Association of these companies and unions. It was, therefore, considered necessary to organize transport on co-operative lines. These societies are supervised and controlled by the co-operative staff on business lines.

At present the average owner-driver of a lorry for hire acquires it on exorbitant terms on the hire-purchase system and lives a hand-to-mouth existence meeting his instalments with great difficulty. These transport societies would be able to borrow money at reasonable rates for the purchase of lorries. They would also be able to settle disputes between members by arbitration and promote thrift among them.

Objects :—The objects of this kind of society are to promote the economic interests of its members and more particularly—

(*a*) to organize transport facilities along those routes or in those areas on which, or in which, the society may be permitted to operate;

(*b*) to purchase, hire, or sell and to maintain in an efficient condition vehicles, for the purpose of (*a*) above ;

(*c*) to operate any stands or bus stops which may be entrusted to the society ;

(*d*) to arrange for the insurance of society's vehicles against damages, passenger or third-party risk ;

(*e*) to acquire, construct, maintain and alter any building or buildings or works necessary or convenient for the purpose of the society ;

(*f*) to manage, sell, improve, develop, lease, exchange, mortgage, dispose of, turn to account, otherwise deal with all or any part of the property, movable or immovable, over which the society has any power of disposal ;

(*g*) to enter into any agreement with any Government or authorities, supreme (municipal, local) or otherwise, including an agreement to supply motor transport vehicles on hire to such authorities and to obtain from them all rights, concessions and privileges, that may seem useful to the society's objects or any of them and to give any guarantee or indemnity as may seem expedient for the above purpose ;

(*h*) to adopt other measures designed to encourage in the members the spirit and practice of thrift, mutual help and self-help ; and

(*i*) to do all such other things as are incidental or conducive to the attainment of the above objects.

Membership.—Every member of the society must be :—

(i) the holder (individually or jointly with others) of a permit issued under the Motor Vehicles Act, 1939, and valid for whole or a part of the

area over which the society operates at the time of admission or the nominee or heir of a deceased member,

(ii) of good character,

(iii) of not less than 18 years of age except in the case of minor heir of a deceased member.

Admission fee.—Every member has to pay an admission fee of Re. 1 and shall have at least 25 shares in the society.

Capital.—The capital shall be composed of :—

(i) an undertermined number of shares of the value of Rs. 100 each,

(ii) deposits from members,

(iii) deposits and loans from non-members, and

(iv) realised profits.

The acceptance of deposits and loans from non-members shall be subject to any restriction which the Registrar may impose.

Liability.—The liability of the members for any deficit in the assets of the society in liquidation shall be limited to twice the value of their shares.

Management.—The supreme authority of the society vests in the General Meeting. The Managing Committee manages the affairs of the society.

No member of the Committee is allowed to receive any remuneration. No member can be appointed to hold any paid post or place of profit under the society, or receive any remuneration or honorarium from the society, except to the extent permitted by the Registrar.

Working.—The Registrar, in the course of his annual report for 1944-45 said : Full information regarding the working of these societies is not available as this is a new type of society and the necessary form for making the annual returns has not yet been worked out. These societies have a very large number of vehicles but quite a few are unserviceable and are therefore lying idle. A large number of vehicles are also operated by gas plant which has been found in actual practice to be uneconomic and inefficient. A few lease-and-lend petrol lorries were given to these societies during the year under report and it is hoped that more will be available now that the war is over. It will, however, take some time before this can happen as there is still acute shortage of petrol and therefore strict rationing. These societies have also found it difficult to get spare parts, tyres and tubes, etc., in adequate quantities and this has definitely affected the efficiency of their service on the road and also increased their costs.

So far our experience in this connection has been encouraging. No doubt there have been difficulties and quarrels among the members of these societies. We have however so far managed to settle these amicably and there has been little or no serious trouble. These societies have generally carried out the instructions of the Transport Department to their satisfaction.

4

CONSOLIDATION OF HOLDINGS IN THE PUNJAB

By

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Deputy Registrar, Co-operative Societies, Lahore.

The Co-operative Department in the Punjab felt that the best way to effect consolidation of holdings was through co-operative consolidation of holdings societies. The first society was started in 1921. The declared object of the society was to promote the economic interests of its members and, more particularly, to secure a beneficial rearrangement of holdings and to prevent loss and waste by fragmentation. The movement had very humble beginnings and the work was started in a few districts only by way of experiment. In course of time, it proved an unqualified success and its benefits have been recognised by all.

So far 16,51,511 acres have been consolidated which is a little over 5 per cent of the entire cultivable acreage of the Province which is 340 lakhs. When the experimental stage was over the Revenue Department also started consolidation work on its own for which special legislation had to be passed. It must not be forgotten that consolidation work is by no means easy. It is very technical and laborious and requires a highly trained staff. Moreover, it is not easy to get the co-operation of the peasants who are, generally speaking, against innovations of any kind and who are suspicious of changes affecting their rights in land. Added to this is the fact that the consolidation staff makes every attempt to get the consent of all concerned by persuasion alone and to reconcile conflicting claims. When this is kept in view, the results achieved are impressive.

The staff of the Co-operative Department has consolidated 12,67,878 acres of land in 2,169 out of 24,731 villages in 14 districts of the Punjab. The area consolidated during 1944-45 was 71,512 acres embracing 105 villages, while work was in progress on July 31, 1945 in 136 villages. Jullundur with its 2,02,435 acres leads the rest, while Gujranwala and Ludhiana are close runners-up with 1,91,384 and 1,81,954 consilidated acres respectively. As many as 2,41,752 scattered blocks have been replaced by 85,440 compact blocks. During consolidation, areas have been reserved for School building, Manurepits, Paths and Roads, Veterinary hospital, Comfort of village Kamins, Pasture and grazing ground, Cremation ground, Playgrounds, Water ponds, Hadda Rori, Religious buildings, Nursery, Graveyard, Village common for cattle, Extension of village-site and common use.

Consolidation has made possible the extension of well irrigation to thousands of acres, which, in their fragmentary state, were unirrigated and, often, left uncultivated. As many as 8,056 new wells have been sunk and 804 re-conditioned, including 147 sunk and 44 repaired during 1944-45.

With experience the methods of consolidation have also improved steadily. Formerly the method adopted was that of exchange of fields by

mutual agreement. This left the boundaries in a highly irregular shape, the paths and roads zig-zagging through the fields. The method now adopted is of remeasurement of the entire area to be consolidated and the formation of rectangular blocks. Though the latter method is laborious and difficult, it approaches very nearly the ideal of consolidation. The results are always more impressive and often spectacular. By the straightening of roads and paths village communications have improved out of all recognition. There is no block in consolidated villages which has not got an independent approach now. The old circular roads round the village 'abadis', have been encroached upon and built up during the past hundred years or so. After consolidation, new roads are given a number and trees are planted along the outer lines of this road as a safeguard against encroachment.

The effects of consolidation can best be seen by taking two examples; one of a single village Burj Pukhta in Jullundur district and the other of a group of villages in the same district.

The village Burj Pukhta was taken up for consolidation as a whole. Its area was 578 acres, of which 356 acres were cultivated and 222 uncultivated. After consolidation the cultivated area increased to 502 acres as against 356 acres before consolidation. Chahi area has also increased from 213 acres to 324 acres. The uncultivated area has been substantially reduced, from 222 acres to 63 acres *i e.*, by 159 acres. There were 149 right holders, and all of them joined the society. The number of fields has been cut down from 1,607 to 1,092, while the size of blocks has been raised from .68 acre before consolidation to 4.78 acres after it. Four new wells have been sunk and two pathways with an area of 13 acres, and 2½ miles long have been laid out. This has improved communications. A circular road has been provided round the village 'abadi'.

Seventy owners got one block each while 37 have two blocks each. There is only one member who has been given 4 blocks. Two and a half acres of land have been earmarked for common purposes such as ponds, graveyards, manurepits, etc. The largest block after consolidation measures 48 acres.

Farida, Vice-President of the society, had before consolidation 633 kanals and 8 marlas of land scattered in 128 fields. At present he has 587 Kanals and 19 marlas of land in 4 blocks. Though his total area has been reduced by 46 Kanals, he has been compensated by sufficiently big blocks. He has now sunk a well and has turned 358 Kanals into ***chahi*** land. Before consolidation only 172 Kanals of his land was irrigated by wells.

Again, Ch. Ghulam Ghaus, retired P. W. I. Railways, gave up 12 Ghumaons of good land and got 12 Ghumaons of Bunjar land instead. He has spent a lot of money, and has by sinking a well turned the bad land into good irrigated land.

In Jullundur the popularity of the movement is so great that very often a number of villages with contiguous boundaries ask for consolidation at the

They have maintained the vehicles in good order in spite of the shortage of spare parts, tyres, tubes and petrol. They have built proper garages and workshops, offices, rest rooms, and refreshment rooms. Arrival and departure platforms have also been built by some. Satisfactory garages have been built at headquarters and at outlying places to which the vehicles go. Service stations have also been provided at convenient centres. A fairly well-qualified staff of drivers, ticket collectors, office employees, mechanics, etc., has also been employed. It can safely be said that these co-operative societies have played their part in improving the conditions of transport in the Province as a whole. Whether this work is to be expanded on these lines depends on Government's decision on the major question of policy.

In 1946, the number of societies remained the same as before, 13. The membership has increased by 10 from 780 to 790 in 1946. The working capital has gone up by Rs. 8,75,055 from Rs. 37,59,535 to Rs. 46,34,590. The net profits earned by the societies in 1945 amounted to Rs. 17,82,450. These went up to Rs. 20,42,208 in 1946, showing a net increase of Rs. 2,59,758.

Nationalization of Motor Transport:—The Punjab Government issued in August 1946, a Press Note on the question of nationalization of road-motor transport. In this note they detailed their policy :—

"For some time past the Government have been considering the question of nationalization of road-motor transport. They are aware that transport concerns have been working under considerable difficulty during the war years, but that, for the most part, they have been of great service to the public, as well as the administration. After very careful consideration, however, the Government have decided that, in the interests of the public and of the administration, they should take over all passenger services, and to a limited extent cater for goods traffic, not for the present interfering further with public carrier permit holders, although ultimately their intention is that goods transport shall also be nationalized.

"The process of transferring the services will of course take some time, and possibly a few years will elapse before it is completed. It is intended, however, to take over some of the services in the course of the next few months. In arranging the programme, Government will be guided by administrative considerations as well as the interests of the public, and they will endeavour to make transition as convenient as possible for the transport operators themselves.

"It is intended to give fair compensation, based on the value and prospects of the concerns to be taken over, and as soon as possible detailed information regarding this will be published. Furthermore, in their anxiety to save any hardship to transport business, the Government have decided that so far as is practicable, all efficient personnel employed in the existing companies will be re-employed, if they so desire, in the Government services. After provision has been made for them, all posts will, so far as possible, be offered to ex-servicemen."

WORKING OF TRANSPORT CO-OPERATIVE SOCIETIES

Name of Society.	Date of registration.	1944-45 Membership.	1944-45 Working capital.	1944-45 Net profit.	1945-46 Membership.	1945-46 Working capital.	1945-46 Net profit.
			Rs.			Rs.	Rs.
1. Jullundur ..	17-4-44	58	2,46,911	65,126	57	2,56,823	73,712
2. Star Motor Transport Society, Gurgaon	26-7-45	14	67,300	70	14	47,570	737
3. Sadhaura ...	20-5-44	16	50,175	33,569	18	79.720	9,612
4. Amritsar National Transport Society ...	20-10-44	73	3,87,623	2,14,520	74	4,26,628	2,13,103
5. Amritsar District Transport Society ...	19-10-44	69	4,78,796	1,63,035	73	5,93,889	2,55,241
6. Hafizabad T. C. S., Gujranwala ...	30-5-45	52	2,38,521	1,78,591	54	2,89,282	2,00,460
7. Lahore-Ferozepur Transport C. S. ..	15-8-45	43	2,46,925	2,48,253	43	2,56,608	2,57,396
8. The Lahore-Sukheke T. C. S. ..	15-8-44	49	3,49,946	2,03,430	53	4,63,602	1,81,839
9. The Pindi Hazara T. C. S. ...	11-1-45	27	2,20,638	23,288	28	2,29,638	57,751
10. Muzaffargarh T. C. S. ...	2-5-44	47	3,55,000	1,46,079	46	3,73,018	1,34,969
11. Montgomery T. C. S. ...	7-7-44	157	7,57,000	2,66,723	156	8,57,168	3,34,366
12. Chenab-Lyallpur ...	30-4-45	56	4.700	69,415	56	3,59,377	1,52,710
13. Lyallpur T. C. S. ...	30-4-45	119	3,47,000	1,70,351	118	4,01,267	1,70,312
	Total ...	780	37,59.535	17,82,450	790	46,34,590	20,42,208

same time. Whenever this happens the consolidation of these villages is planned in such a way that communications and village boundaries are improved to the maximum. An example is the consolidation of a compact group of 12 villages completed in Jullundur District. The particulars regarding these villages are as follows :—

Number of societies 12 :: Number of members 2,209

Area Consolidated 6,338 acres { Cultivated .. 5,886 acres; Uncultivated ... 452 acres

		Before Consolidation	After consolidation
Number of blocks	...	13,242	2,332
Average area per block	...	0.47 acres	2.71 acres
Survey numbers	...	18,961	5,081

Improvements effected as a result of consolidation.

(1) New Wells sunk 20
(2) Waste land reclaimed and brought under cultivation ... ... 97 acres
(3) Converted from *Barani* to *Chahi* ... 622 „
(4) New Farm houses erected in blocks— 66 Estimated cost Rs. 5,750.

New roads laid out measured 535 furlongs, covering an area of 116 acres, instead of 79 acres, before consolidation. Every block is accessible by road.

Area left for common purposes :—

		Acres.			Acres.
1.	Expansion of village site	16.06	7.	Graveyard	5.36
2.	Manure pits	5 93	8.	Hadda Rori	.46
3.	Playground	9.09	9.	Latrines	.18
4.	Tanks	11.47	10.	Park	1.2
5.	Cremation ground	3.42	11.	Pasture	22.2
6.	School Building	3.95	12.	Sikh temple	2

The total cost of consolidation by the Co-operative Department in 1945-46 was Rs. 4,38,670. Cost varied from Rs. 13-5-0 per acre in Jullundur to Rs. 1-8-0 per acre in Kangra. The staff employed consisted of 49 Inspectors and 252 Sub-Inspectors in addition to one E.A.S.O., two Assistant Registrars and a number of Tahsildars and Naib-tahsildars.

The staff of the Revenue Department consolidated 3,84,138 acres of land in 445 out of 8,272 villages in 7 districts. The work done during 1945-46 covered 59 villages and 65,093 acres at a cost of Rs 2,18,900 which worked out at Rs. 3-5-0 per acre. On 30th September, 1945 work was in progress in 64 villages, comprising of 1,88,561 acres.

Of all the activities of the Co-operative Department there is none which has been of greater benefit to the peasants of the Province than the Consolidation of Holdings. This is fully realised by the zamindars themselves who are now very anxious to take advantage of this useful method of improving their lot.

EX-SERVICEMEN CO-OPERATIVE MULTI-PURPOSE SOCIETIES IN RAWALPINDI DIVISION (PUNJAB)

BY

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With the ceasing of hostilities in the second World War the Resettlement Directorate of the General Headquarters, New Delhi, desired, in April 1946, to organize co-operative societies and thus help in the resettlement of the released soldiers. Various items for the purpose were suggested. Discussions held between the officials of the Army Headquarters, the Registrar, Co-operative Societies, Punjab, Lahore, and few others resulted in the organisation of these societies, the salient features of whose constitution have been noted below.

The objects of the societies are to promote the economic interests of their members and, more particularly, to afford them financial help on easy terms, to supply their household and family requirements, to collect and sell on commission their agricultural produce, to supply them improved seeds, manure and agricultural implements, to provide assistance for the education of their children, to arrange recreation facilities and finally to encourage them to practise the habit of thrift, self-help and mutual help.

Membership is open to ex-servicemen, serving soldiers and their near relatives residing in the area of operation of the society The question of allowing the widow of a soldier or the widowed mother of a deceased soldier to become a member is under consideration.

Value of a share is Rs. 50 and the maximum limit of share-holding is Rs. 500. The liability of a member is restricted to four times the value of the shares held. The financial requirements of the societies are met from the share capital raised, deposits from members or non-members within the limit fixed by the Registrar. The supreme authority is vested in the general meeting. Each member has one vote irrespective of his share-holding in the society.

Management vests in an elected board of seven directors including president and one or more vice-presidents. The board may constitute sub-committees to undertake specific functions on its behalf. The Committee appoints from among its own members a Managing Director and can delegate to him or to the paid staff such of its powers as may be prescribed by the general meeting.

The bylaws provide that, at the close of each working year, the expenses shall be deducted from the gross profits and the net profits shall be distributed. 25 per cent shall be carried to Reserve Fund. Another 5 per cent shall be allocated to Loss Adjustment Fund. Dividend may be paid on shares actually paid up at the rate determined by the general meeting held afer the annual audit but this rate shall not exceed 10 per cent. Not more than 7½ per cent may be applied to or earmarked for relief of the poor, education, medical relief and the advancement of any other object of public utility subject to the approval of the Registrar. The rest of the net profits may be distributed to the members as bonus in proportion to the purchases made by them or rebate on their produce sold to the society.

Rawalpindi Division stands first in India so far as its contribution to the fighting services goes. Demobilization resulted in the return of released soldiers in their lakhs. The initiative for starting co-operative societies came from them. As a result a number of societies have been registered within the span of six months. The first two societies were registered in the end of July 1946 at Chakwal and Dina in Jhelum district which leads with its 11 societies (2 in Chakwal, 4 in Jhelum, and 5 in Pind Dadan Khan Tahsils). Rawalpindi District comes next with 11 (6 registered and 5 unregistered) societies. The registered societies are four in Gujar Khan Tahsil. Campbellpur District comes next with two societies, one registered at Talagang and the other unregistered at Pindi Gheb. Gujrat has one registered society at Buzurgwal and the second unregistered at Sarai Alamgir. Sargodha District comes last with its one unregistered society at Pail. The promoters of these societies who are now on the managing committees of these bodies are generally experienced K. C. O.'s and V. C. O.'s They form an intelligent set of people and are keen on doing service to their brothers-in-arms or the families of those who have since died after a gallant service in the Army. The ex-service personnel who have worked in R. I. A. S. C. exist in all these societies. They have got experience of officers' shops, warehousing, distribution and handling of large varieties of goods and, therefore, are expected to prove useful to these societies.

In the initial stages small beginnings are necessary to avoid pitfalls, and therefore it is that these societies have started with controlled commodities which are definitely a fool-proof business. They will expand their activities with experience. An effort would be made to persuade the societies to deal mostly in standard goods and act as agents of big firms. No risks can be allowed as the capital raised represents the very hard earned money of the soldiers. The other point that works to the same end and stressed is that no credit dealings should be allowed in these societies.

The entry of these societies in the field of trade is sure to reduce black-marketing. Settlement of preliminaries and procurement of licences and permits generally take time and these societies are no exception; but enthusiasm and keenness on the part of the members generally enable them to tide over these difficulties. Most of these societies in the Division have received licences to deal in foodgrains to start with. Licences to deal in sugar, gur, kerosene oil, edible oils, oilseeds and cakes, and cloth have, however, been issued recently and hence the business thereof has been taken up by only a few of the societies by this time. The pioneer societies in Jhelum District however have done some business. Some of these societies have begun to deal in other articles also than controlled goods as the perusal of the table attached would show. For example, Dina (Jhelum District) has taken up supply of agricultural implements while Domeli and Vanhar have started supply of grocers' goods. A society at Harnpur has started business in potatoes as well. Talagang society is dealing in sugar earmarked for military personnel on leave, besides soap and tea.

Gujar Khan and Mandra societies have been fortunate enough to get military *Bardashat Khanas* located in the Army camping grounds at these places for use as their offices, godowns and shops. They have also got on lease the camping grounds no longer used by the Army for cultivation in connection with Grow More Food Campaign. Legal formalities in this connection are, however, yet to be gone through.

For transport facilities the Disposals Department of the Army headquarters have agreed to allow the purchase of 2 trucks each to be used as private carriers by these societies. This assistance is sure to solve most of the difficulties of the societies which have their headquarters away from railway stations or metalled roads.

For the sake of uniformity and to avoid complications in accounts, a method of book-keeping has been evolved and the rules of working and business also drawn up. In the initial stages some help was considered necessary and, consequently, Government was approached for the purpose. So far one Inspector for Jhelum District and 2 sub-inspectors for the first two (Dina and Chakwal) societies have been sanctioned. Similarly, one Inspector for each of Rawalpindi, Shahpur and Campbellpur Districts and one sub-inspector for each of the societies for direction, control and inspection have also been demanded. Besides this, the Government has been requested for subsidizing the clerical staff of these societies. Allotment for one-half of the pay for the first year, one-third for the second year and one-fourth for the third year has been demanded. The scale of pay of the clerical staff for each society which would be subsidized is (1) One manager at Rs. 80 p.m. (2) One accountant at Rs. 60 p.m. (3) One store-keeper at Rs. 60 p.m. (4) Two salesmen at Rs. 50 p.m. and (5) One choukidar at Rs. 20 p.m.

The first two registered societies (Chakwal and Dina) have received the subsidy as noted above. These societies, as the foregoing would show, are fulfilling the objects for which they were organised. They have helped the soldier in laying by a part of his war savings, in enabling him to have some necessaries of his life at reasonable rates and lastly in finding employment for some of the released soldiers.

The total number of these societies is 27, having a membership of 7,686, and their share capital amounts to Rs. 11,34,616. The total quantity purchased by these societies was 77,816 maunds of the value of Rs. 12,82,507. Their total sales amounted to 64,892 maunds of the value of Rs. 8,43,252. The commodities dealt with are foodgrains, sugar, kerosene oil, timber, lime, gur, agricultural implements, *i. e.*, chaff-cutters, meston ploughs, grocers' goods, potatoes, edible oil, oilseed, cakes, soap and tea.

CO-OPERATION AND WOMEN IN THE PUNJAB

By

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General Progress.—The first co-operative society for women in the Punjab was started in 1927. Since then the co-operative work among women has been making slow but steady progress. The number of societies now stands at 391, with a membership of 9,492 and a working capital of Rs. 6,81,119. Almost all these societies, with the exception of three, are thrift and savings societies. There was an all-round improvement in Women's Societies in the year 1945-46. The number of societies rose from 387 in 1944-45 to 391 showing a net increase of 4 societies. The membership went up by 973, *i.e.*, 9,492 as against 8,519 of the previous year. The working capital showed a steady rise of Rs. 1,79,887 which indicates that women's work is appreciated. This is a good sign of improvement in spite of the fact that there remained a dearth of sub-inspectress candidates and some of the circles remained vacant for some time due to permanent sub-inspectresses having proceeded on leave. During the year the staff concentrated its efforts to improve the work of existing societies rather than to make further expansion in their number. There is sufficient scope for the expansion of women work, but this can only be achieved when more staff is available.

In 1945-46 six new societies were registered. Two societies were cancelled during the year against three of the previous year, one in Jullundur circle, and the other in Rawalpindi circle. There were seven societies under liquidation, two in Gujranwala, three in Jullundur, one in Lahore and one in Rawalpindi circle.

Classification.—The following statement shows the classification of the societies during the last two years :—

		1944—45	1945—46
A	...	46	68
B	...	105	114
C	...	186	163
D	...	35	36
Unclassified	...	15	10
Total	...	387	391

Honorary Secretaries.—All the 391 societies had their own secretaries; but secretaries in 321 societies were dependent on sub-inspectresses while secretaries in 70 societies were working independently.

These secretaries are either illiterate or they belong to such professions that they have no leisure time to do honorary work. There is a lack of

common spirit among the educated classes, who wish to remain aloof. Thus a good deal of the time of the sub-inspectresses is devoted to account-keeping, etc. So, expansion and progress of the movement are retarded. All the societies are of thrift and savings, and therefore earn very little profit and so cannot afford to keep paid secretaries. Among the total number of 391 secretaries only two secretaries in Amritsar district are paid honorarium. Efforts are made to select and train proper enthusiastic workers as secretaries.

Membership.—As already stated, the number of members is 9,492. The members belong to all castes and communities. There is no restriction either of caste and creed or rich and poor. There are 191 men as members in these societies. They become members with the consent of the women members. They are usually relations of the former. These societies have also 539 boys and 184 girls as members. Boys and girls are enrolled under the guardianship of their mothers.

Contributions.—The amount of contributions received during the year 1945-46 was Rs. 3,85,831. The amount at the end of the year stood at Rs. 6,08,129. There has been an increase of Rs. 1,83,930 in the amount of the contributions which now stands at Rs. 6,08,129 as against Rs. 4,24,199 of the last year. Withdrawals increased by Rs. 70,838. These withdrawals amounted to Rs. 2,02,317 as against Rs. 1,31,479 of the last year and this was due to the abnormal rise in prices where small withdrawals were concerned. In Amritsar district, big withdrawals were made in order to make investments that would earn fat profits. The amount of contributions upto 31-7-46 was Rs. 6,08,119 as against Rs. 4,22,199 of previous year. This is encouraging as the times are so hard that the saving capacity of members is very much reduced.

Deposits.—Amount received	...	Rs.	29,706
Amount returned	...	"	38,736
Amount at the end of the year	...	"	46,469

Dividend.—Rs. 5,379 were distributed as dividend this year. The rate of dividend varied from 3 per cent to 3½ per cent.

Reserve Fund.—The Reserve Fund stands at Rs. 1,152. During the year under report Rs. 59 were assigned towards Reserve Fund.

Inspection.—419 societies were due for inspection, out of which 389 societies were actually inspected. The remaining 30 societies could not be inspected, partly due to non-availability of books and partly due to the inspectresses having proceeded on leave.

Assistance.—Nobody has opposed the movement. The staff received full co-operation from the members of the societies, lady doctors, lady health visitors and lady welfare workers.

Girl Guide Society in Ludhiana Circle.—There is one registered Girl Guide Co-operative Society and it is working in the village High School of Sidhwan Khurd, Ludhiana district. This Society is meant to

TABLE SHOWING THE BUSINESS DONE BY THE EX-SERVICEMEN CO-OPERATIVE MULTI-PURPOSE SOCIETIES IN RAWALPINDI DIVISION.

Serial Number.	Name of society.	Date of registration.	No. of members.	Share capital.	Total purchases. Quantity.	Total purchases. Value.	Total sales. Quantity.	Total sales. Value.	Licences held.	Commodities dealt.
	Jhelum Dt.			Rs.	(Mds.)	Rs.	(Mds.)	Rs.		
1	Chakwal ...	29-7-46	587	1,11,100	21,529	3,04,114	21,529	3,04,114	Foodgrains sugar, k-oil cloth and fuel	Foodgrains, sugar k-oil, timber lime and gur
2	Dina ...	31-7-46	240	1,01,100	26,944	3,09,127	23,005	2,59,817	Foodgrains k-oil and sugar	Foodgrains, sugar, chaf-cutters, meston plough and cotton seeds
3	Domeli ...	15-10-46	413	36,700	953	14,574	209	4,513	Foodgrains, Sugar cloth and k-oil	Foodgrains, gur and grocer's goods
4	Haranpur ...	15-10-46	212	42,450	2,612	27,854	1,727	17,874	Foodgrains and k-oil	Foodgrains, gur, potatoes and grocers goods
5	Khewra Minors.	15-10-46	258	44,100	4,273	51,634	4,101	47,975	Foodgrains cloth k-oil E. oil	Foodgrains, E. oil, oil-seeds and cakes
6	Choa Saidan Shah.	15-10-46	311	65,000	10,429	4,08,348	7,488	91,243	Foodgrains, cloth, sugar and k-oil	Foodgrains and gur
7	Lilla ..	15-10-46	116	14,650	5,165	58,810	3,631	43,209	Foodgrains and k-oil	Foodgrains and k-oil
8	Vanhar ...	15-10-46	222	42,000	5,246	93,206	2,823	70,206	Foodgrains	Foodgrains and grocer's goods
9	Malhu Sanghoi	3-12-46	328	40,500	665	7,595	379	4,301	Foodgrains and k-oil	Foodgrains
10	Dhudial ..	7-1-47	149	19,250	...	...	...	...	Foodgrains	...
11	Sohawa ...	12-2-47	302	45,050	...	...	...	...	...	...
	Rawalpindi Dt.									
1	Gujar Khan...	13-12-46	515	80,065	...	...	...	...	Foodgrains, sugar, gur k-oil, e-oil and cloth	Foodgrains
2	Mandra ..	23-12-46	481	77,681	...	...	...	...	Do.	Do.
3	Daulatala ...	23-12-46	477	48,977	...	...	...	...	Do.	...
4	Sagri ...	5-1-47	504	55,603	...	...	...	...	...	Foodgrains
5	Thakra Mohra.	6-1-47	224	36,824	...	...	...	...	...	...
6	Kallar ...	6-1-47	190	33,293	...	...	...	...	...	...
7	Sayed ...	Unregistered	101	11,951	...	...	...	...	...	...
8	Murree ...	Do.	95	25,900	...	...	...	...	...	...
9	Kahuta ...	Do.	47	10,007	...	...	...	...	...	...
10	Lehtrar Bala	Do.	94	14,295	...	...	...	...	...	...
11	Latore ...	Do.	137	32,620	...	...	...	...	...	...
	Campbellpur Dt.									
1	Tallagang ...	29-10-46	1,435	1,15,500	...	7,245	...	...	Sugar	Sugar, soap and tea
2	Pindi Gheb ...	Unregistered	...	...	...	...	...	...	...	...
	Gujrat Dt.									
1	Buzurgwal ...	6-3-47	152	30,000	...	...	...	...	...	...
2	Sarai Alamgir	Unregistered	101	...	...	...	...	...	...	...
	Sargodha Dt.									
1	Pail ...	...	...	...	...	...	...	...	...	...
	Total 27		7,686	11,34,616	77,816	12,82,507	64,892	8,43,252		

* K-oil = Kerosene oil E-oil = Edible oil.

spread the spirit of girl guide among the students and start a permanent habit of thrift among the girls from their very student life. There are 35 members against 14 of the last year. The working capital has gone up to Rs. 1,762 as against Rs. 1,309 of the last year. The girls who left the school after their matriculation made a withdrawal of Rs. 455, while Rs. 911 was realized during the year.

Medical Aid Society. There is one Medical Aid and Public Health Co-operative Society for women at Kot Shah Mohammad, Sheikhupura district. This Society was registered on 23-9-41. In the beginning it worked successfully, but from 1943 it has hardly done any work as no lady doctor was available. It can work successfully if a lady doctor is appointed for the purpose. Its membership is 240 with a capital of Rs. 1,126.

Children Societies.—There are 12 co-operative societies for children having a membership of 269 and a working capital of Rs. 10,886. In these societies the children contribute from their own pocket money, and it is only in a few cases that the parents have to pay for their children. It is for this reason that the maximum rate of monthly contribution is kept at 2 annas. These societies act as small institutions, where children learn their lesson of handling the money. They are useful as the children are encouraged to pay their contributions out of their pocket money, which, in later years, can prove of great help in solving many economic problems of domestic life.

The following is the Staff :—

Lady Assistant Registrars ...	2	Sub-inspectresses ...	24
Inspectresses ...	2	Lady welfare workers ...	113
Welfare inspectresses ...	5		

There is also the necessary clerical and menial staff. All sub-inspectresses are paid by the Punjab Co-operative Union, Lahore.

Training and Education.—Four Industrial Classes under the Peasant Welfare Scheme were held and 73 students attended them. These classes were meant chiefly for rural women, whose relations and husbands have served in His Majesty's Forces. The subjects taught included domestic science, cottage industry, such as *Dari* and *Calico* making. The students were also taught weaving, knitting, sewing, and cooking as well as principles of rural reconstruction and Co-operation. Besides the above classes two Domestic Training classes of three months' duration were held in Jullundur Division. These classes were held by private funds, and two welfare workers were in charge of them. The domestic training class at Model Town, Lahore, continued throughout the year and it was supervised by the Lady Assistant Registrar, Lahore East. Forty women welfare workers appeared for the examination. A Refresher course for the co-operative women staff was held at Lahore and lasted about ten days.

EFFECT OF WAR ON AGRICULTURISTS AS SEEN IN CO-OPERATIVE INSTITUTIONS

COMPARISON BETWEEN TWO AREAS IN THE PUNJAB

BY

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Registrar of Co-operative Societies, Punjab.

There is no doubt that in this Province as in other parts of India there has been considerable improvement in the position of the agriculturists as a result of the war. It is, however, impossible to say how the increased income has been utilised whether for liquidation of old debts or for greatly increased consumer expenditure or for purchase of land or for hoarding. As regards the general mass of agriculturists there is hardly any reliable data available from which definite conclusions regarding the net improvement in the position or regarding the purposes for which increased incomes have been used can be drawn. On the other hand, as regards the members of co-operative societies there is some information which supports the view that the agriculturists have gained a good deal as a result of the war.

It is only natural that the effect of the war on different areas should vary both in its nature and extent. In recruiting areas in addition to greater income from agriculture there has been considerable increase in income from salaries, pensions, etc. On the other hand, it must not be forgotten that in certain areas it definitely paid the cultivator to stick to his land in preference to going to the army. That is one of the reasons why recruitment from the prosperous areas of this Province like the colony districts of Montgomery and Lyallpur has been comparatively poor. Then, again, the question of the mental attitude of the people towards the economic aspects of life is of very great importance. In certain areas people will save even from their small incomes because they have understood the lesson of thrift. As against this there are areas in which you can pour money as fast as you like but there will be little or nothing in the nature of savings. I do not wish to generalise from certain figures given below but merely give them as an indication of how things have progressed in the last 7 years in two districts of the Province, namely Ambala and Mianwali. In certain respects these districts are similar in so far as holdings are small and there is hardly any irrigation. The two districts, of course, vary with regard to the part they play in recruitment to the army and other services and what is probably more important is with regard to the type of persons who inhabit these districts.

Central Institutions.—In the Ambala and Simla districts, there are two central banks with a number of branches. There is only a nominal increase in the membership of these institutions, but working capital has almost doubled from Rs. 18.28 lakhs to Rs. 34.99 lakhs. The owned funds of these institutions have also increased from Rs. 4.63 lakhs to Rs. 5.34 lakhs

Deposits have increased from Rs. 11.64 lakhs to Rs. 29.47 lakhs which shows that the investing public has full confidence in them. The increase is remarkable in the case of members from Rs. 1.85 lakhs to Rs. 10.27 lakhs. Non-members' deposits also went from Rs. 7.36 lakhs to Rs. 17.10 lakhs. These banks have not owed anything to the Provincial Bank in the last 7 years. The amount invested by these banks in Government securities has increased from Rs. 3.99 lakhs to Rs. 28.64 lakhs which shows the extent to which they have helped in tapping idle money and in the deflation campaign. The amount due from affiliated societies in principal and interest has decreased from Rs. 12.26 lakhs to Rs. 0.96 lakhs which shows that the indebtedness of societies to the central institutions has almost entirely disappeared. What is still more significant is that indebtedness of D class and under liquidation societies has decreased from Rs. 2.72 lakhs to Rs. 0.30 lakhs. The improvement in this area has been universal and not only restricted to good societies as is the case in many other areas. The societies, as a result of better days, are also not borrowing from the central banks to any large extent. The total amount borrowed in the year 1945-46 was Rs. 1.45 lakhs as against Rs 4.22 lakhs in 1939-40. A good deal of this borrowing is by good societies. As many as 769 societies, did not borrow at all. The corresponding figure in 1939-40 was 418. The amount of principal due from D class and under liquidation societies has decreased from Rs. 2 18 lakhs to Rs. 0.24 lakhs. The cover against such debts has slightly fallen from Rs. 1.09 lakhs to Rs. 0.95 lakhs. The cover in 1939-40 was exactly according to the departmental standard, namely, 50 per cent of the amount due from D class and under liquidation societies. At the end of 1945-46, it was almost 400 per cent of the total amount due, and, therefore, 8 times the amount required under the departmental orders.

Here a special mention of the Rupar Central Co-operative Bank will not be out of place. The bank holds Government securities to the extent of Rs. 13.22 lakhs and the total deposits held by it on 28-2-1947 were Rs. 9.18 lakhs Of these Rs. 4.57 lakhs belonged to member societies. D class and under liquidation societies owe nothing to the central bank.

As against this the Mianwali Central Bank's position has not improved to any appreciable extent. Membership has fallen slightly and so also the working capital from Rs. 9.19 lakhs to Rs. 8.49 lakhs. Deposits have increased from Rs. 3.97 lakhs to Rs. 5.77 lakhs. The increase in the deposits of members is small from Rs. 22,284 to Rs. 79,719. Investment in Government securities has increased from Rs. 1.48 lakhs to Rs. 4.77 lakhs. The net increase is only Rs. 3.26 lakhs as against something like Rs. 24.64 lakhs in the case of central banks in the Ambala district. The amount on loan to societies, principal and interest, has also decreased from Rs 8.65 lakhs to Rs. 4.55 lakhs. The net reduction is Rs 4.09 lakhs as against Rs. 11.30 lakhs in Ambala district. The position regarding D class and under liquidation societies has not improved appreciably. In 1939-40 these societies owed Rs. 4.95 lakhs to the central banks. This has been reduced to Rs. 4.08 lakhs. The net reduction is Rs. 0.87 lakhs or only 20 per cent as against a net reduction of Rs. 2.42 lakhs or some 88 per cent in Ambala district. Fresh lending has decreased from Rs. 25,316 to Rs. 6,552. Out of 433 societies 423 did not borrow. This was only partly due to societies not requiring funds. The major cause is that a large number of societies have no credit limit available to them. The bad and doubtful debts fund has increased from Rs. 68,777 to Rs. 1,15,000. The cover in 1939 was 19 per cent of the dues and has gone up to only 37 per cent. The Ambala and Rupar Central Co-operative Banks have regularly given dividends of 4 to 5 per cent, while the Mianwali Cental Bank has not been able to do so in the last 15 years.

Agricultural Credit Societies.--The total number of societies in Ambala district has increased from 820 to 832 and membership from 19,334 to 19,542 This is the result of the policy followed in the last few years, namely, consolidation in preference to expansion. The working capital of these credit societies has decreased from Rs. 21·81 lakhs to Rs. 15.08 lakhs. This is due to the fact that these societies as a result of good recoveries from members have repaid central banks' loans to a very large extent. The reduction in working capital would have been much more but for the fact that these societies have accumulated large deposits from members. Their owned funds have, in spite of this decrease in working capital, increased from Rs. 10.17 lakhs to Rs. 11.91 lakhs. It can now be safely said that the agricultural credit societies in this area are almost entirely independent of finance from their central institutions, and, what is more, they are to a large extent the creditors of their central institutions. The improvement in the indebtedness of members of these societies has been considerable as is evident from the fact that as against 15,338 members who owed Rs. 20.73 lakhs to their societies in 1939-40, there were at the end of 1945-46 only 3,179 members owing Rs. 4.13 lakhs to their societies. This reduction in indebtedness, it is also gratifying to note, has not seriously affected the lending business of these societies to their members. In 1945-46, 3,807 members borrowed Rs. 6.37 lakhs from their societies as against 5,801 members and Rs. 5.23 lakhs in 1939-40. The reduction in the number of borrowers is due to fewer members wanting loans. Increase in the amount borrowed is due to larger expenses of cultivation because of the high prices and because of the specially high cost of cultivation in the cane-growing areas of the district. These large advances to members have, however, been more than repaid as is evident from the fact that total indebtedness has steadily gone down. Deposits of members in these societies have also increased from Rs. 1.79 lakhs to Rs. 2.61 lakhs. This again shows the confidence which the societies enjoy among their members. Classification also shows a substantial improvement. 'A' class societies have increased from 24 to 80, 'B' from 192 to 347, while 'C' have decreased from 532 to 399. There is a remarkable improvement in 'D' class from 47 to 7. The number of under-liquidation societies has decreased from 53 to 51. The decrease is not much, because, in pursuance of the policy of consolidation, a large number of 'D' class societies which were not expected to revive were closed down. The recoveries in these societies have, however, improved from Rs. 8,233 in 1939-40 to Rs. 38,541 in 1945-46. In spite of large additions to the list of under-liquidation societies the total amount recoverable from members has decreased from Rs 1.22 lakhs to Rs. 0.74 lakhs. The percentage of recoveries in these societies has increased from a little less than 7 per cent to 51 per cent.

Now, let us come to the other side of the picture, namely, Mianwali. The total number of societies has decreased slightly from 422 to 417. Membership has, however, fallen considerably—from 9,615 to 8,423. There has hardly been any addition to the membership of existing societies, and in fact a large number of members have left their societies. The decrease in membership shows that the people in this area, in spite of efforts in the last 20 years, have not taken to co-operative effort. The working capital has decreased from Rs. 7.26 lakhs to Rs. 4.08 lakhs. The decrease is entirely due to repayment of loans. The counter-balancing factor noticed in Ambala, namely, deposits of members and non-members, hardly exists in this area. Owned funds have decreased from Rs. 1.01 lakhs to Rs. 0.96 lakhs as against a substantial increase of Rs. 1.84 lakhs in Ambala. Amount on loan has decreased from Rs. 6.29 lakhs to Rs. 2.58 lakhs. There is also a slight reduction in the amount lent during the years. As against Rs. 31,266 lent to 609 members in 1939-40, only Rs. 23,867 was lent to 160 members. This reduction in lending business is in contrast to the substantial increase in Ambala circle. There is a substantial increase in overdues of principal from Rs. 24,838 to Rs. 57,632, as against a decrease in Ambala from Rs. 2.48 lakhs to Rs. 1.66 lakhs. Classification of societies shows an increase in 'A' from 3 to 6 and in 'B' from 16 to 23. 'C(i)' and 'C(ii)' show a decrease from 205 to 157, while 'D' class have increased from 189 to 231. The increase in good societies is nominal but the increase in bad societies is large. This is very discouraging, because the movement in 1939-40 in the Mianwali district was by no means satisfactory. Coming to societies under liquidation, the number has increased slightly from 36 to 39, but the number of societies which have been under liquidation for over 5 years has increased from 9 to 36. In Ambala circle this has decreased from 27 to 17. The amount recoverable from members has increased considerably, from Rs. 0.51 lakhs to Rs 1.43 lakhs. Recoveries have improved from Rs. 549 to Rs. 23,172, but the increase is extremely poor as compared to Ambala if the percentages are taken.

The intention of this article is not to praise any particular part of the Province and to condemn another but to provide material for an objective study of the position in different parts of the Province. The figures given above provide a good deal of material for study. Is it that the movement in one area is very much better than in another area, because a certain class or community live in one area and another in another or is it due to the fact that concentrated efforts have been made in one tract while the other tract has been comparatively ignored? Has it got anything to do with the

physical characteristics of the area or is it just a matter of chance that these widely different results are achieved during the same period? As far as Government efforts are cencerned, I can certify that they have been made to the same extent and to the same degree of intensity in both these areas. Actually during this period a separate Assistant Registrar with a very large staff was appointed in Mianwali district, which, till 1944, was a part of one circle consisting of the two big districts of Mianwali and Campbellpur. The results achieved in the Mianwali circle during the last three years, since when there has been adequate staff in that district, do not show any improvement. As far as the physical and other characteristics of the tract are concerned, there is a good deal of difference but, from the economic aspect, both tracts are equally handicapped. Parts of Ambala district are submontaneous and great damage has been done there by hill torrents. There is no canal irrigation except in a very small part of the district. A good deal of well irrigation, no doubt, exists. A part of Mianwali is submontaneous but, generally speaking, it is a flat sandy country. There was no irrigation till recently except in one tahsil. Rainfall in Mianwali is substantially less than in Ambala but then holdings are larger.

The Ambala district is inhabited by Hindus, Sikhs and Muslims, the percentages being 44, 18 and 31 respectively. The Sikhs are Jats or Sainies The Hindus are Brahmins, Jats, Rajputs, Sainies and Gujjars. The Muslims again are mostly Jats, Gujjars and Rajputs. In Mianwali, of course, almost the whole of the rural population depending on agriculture is Muslim. Pathans are the most important, but there are also Muslim Jats, Awans, Gujjars and Arains in fair number. Perhaps the Pathan in that district still wants to plough his lonely furrow and does not wish to work with his brother. Perhaps the physical characteristics of the man and the country he lives in are the causes for this or it may be that the Pathan has still not settled down to a cultivator's life and his subconscious mind still urges him to go back to the nomadic habits of his tribe. Whatever the reason or resons for this difference in these two areas, I can only hope that these figures will provide some material for thought to the social economist who may happen to read this article

FUTURE OF AGRICULTURAL FINANCE

By

K. C. Ramakrishnan.

The report of the Agricultural Finance Sub-Committee*, presided over by Prof. D. R. Gadgil, provides an able academic analysis of the problem of agricultural credit in all its phases and lays down a clear policy for financing agriculturists of all classes in future—after adjusting old debts to the repaying capacity of individuals according to a formula. It is the report not of a fact-finding but policy-laying Committee. The reports of the Provincial Banking Enquiry Committees of 1930—imperfect as they were —have been drawn upon for the study of the nature and effects of debts in different tracts. Later surveys of the debt situation during the Depression and the last war have also been used, though they, too, "reveal certain qualitative trends without giving any quantitative indications".

The Committee is very cautious in summing up the effects of the recent rise in prices on the debt position in rural areas. "For some regions and classes a general reduction of the debt burden to within easy repaying capacity may be assumed; in case of others the war might not have changed the situation materially . . . . because of structural defects in their economy such as uneconomic holdings . . . . For the rest, the easing of the debt situation to-day might prove to be no more than a passing phase. The aftermath of a period of artificially induced prosperity has always been in the past disastrous to the agriculturists".

The Committee is of the view that history would repeat itself unless special steps were taken to prevent it and that the present situation is very favourable to bring about a general readjustment of the debt burden and to raise a new structure of agricultural finance as part of general agricultural reconstruction. This would comprise attaining "a balance between agricultural and industrial employment, a general prevalence of economic holdings, increase in technical competence, improvement of trade and transport facilities, stabilisation of agricultural prices, insurance against risks", security of tenure to the cultivator and fair rents. This is, no doubt, a tall order; but unless these were more or less assured it would be only a temporary relief to reduce the burden of debt or provide easy finance.

The Committee recommends, as an essential preliminary to the re-organisation of agricultural finance, that the old debts of the agriculturist should be reduced to the present value of the debtor's normal repaying capacity over a period of twenty years worked out at 4 per cent interest, or 50 per cent of the normal value of his immovable assets, whichever is less —unless it be a secured debt, when 50 per cent of the value of the assets secured should be the limit of reduction. The adjusted debt should be

*Report of the Agricultural Finance Sub-Committee, Government of India, Price: Annas 12.

paid to the creditors in lump, by borrowing from a co-operative land mortgage bank or a Government agency, which would recover it in 20 years from the debtor.

The rule of Damdupat should be applied in a sense unusual, though it was so adopted in the Madras Agriculturists' Relief Act, that the total payment made by way of interest or principal should not exceed twice the original principal lent. All these provisions for adjustment, which is to be effected in two years, are entirely in favour of the agricultural debtors. But a number of doubts and difficulties arise in this connection.

Is it fair or wise to scale down debts universally in a period of unarrested and unprecedented inflation, when the creditor is hit hard and the debtor has gained by the fall in the value of money? Several debtors have paid off their debts in full, and more could do the same with a little persuasion or organisation. Why should all debtors be treated alike and allowed to retain more than 50 per cent of the value of their assets, whatever be their total assets? Should there be no upper limit to relief given to debtors, as provided for in the debt relief legislation of some provinces, ensuring, however, an economic holding to the family of the debtor? Why assume that all debtors are poor and innocent and all creditors are rich and wily? Quite often the boot is on the other leg, the debtor playing the devil with the creditor. The craze for a clean slate cannot continue without detriment to the morale of debtors as well as creditors. As the Famine Inquiry Commission (1945) stated "(Such measures) have largely served their purpose; (they) are not normally conducive to a healthy relationship between debtor and creditor on which the improvement of rural credit facilities, in the last resort, depends. It is no longer necessary now in the public interest that the expedient of the compulsory scaling down of debt should be repeated".* Again, is it possible to finish this work of adjustment of debts of millions of individuals, according to the repaying capacity of each, within two years? Finally, is it easy to assess total repaying capacity of individuals personally, apart from their assets and income, under Indian conditions spread over a period of twenty years during which families grow, estates get split up and earning capacity fluctuates?

It is a totally different proposition to advocate and help the clearance of old debts, taking advantage of the existing high value of assets, *without scaling down* except in hard cases, for which there is already machinery provided. No creditor could object to this. In fact, Dr. B. V. N. Naidu, the Economist appointed by the Government of Madras, to study the effect of the rise in prices on rural debts, has recommended that lands of debtors should be sold off at existing market rates to creditors to clear the debts and that those who do not want lands should be obliged to take bonds issued at 8 per cent and made transferable but not redeemable. This is to [illegible] the difficulty of raising funds to pay off creditors. But if most of these creditors transferred their bonds, would that not be an embarrassment?

*Final Report of the Famine Inquiry Commission (1945). pp. 300-301.

The Committee reviews at some length the measures taken so far to regulate money-lending and finds that on the whole they are abortive. Provision as regards maintenance of accounts and furnishing of statements to debtors is ineffective. Subterfuges are resorted to to evade the limits imposed by law on rates of interest. Gold ornaments are demanded as security for loans. Honest creditors close their business, the dishonest ones go underground. As ever, usury laughs at laws. One reason for the failure of debt legislation is the lack of authority to enforce the rules and supervise their working—as is done in U.S.A. The Committee recommends an inspecting and supervising agency in every Province, which would carry out periodical and surprise inspection of the books of moneylenders. The agency should publish periodical reviews on the working of the Debt Acts. The maximum legal rates of interest on loans should be fixed with great caution—a schedule of rates to meet variations in conditions and not one uniform rate for all loans secured and unsecured, as was done by the Madras Agriculturists' Relief Act of 1938, which turned many an old honest lender into a Marwadi. But the difficulty would be to enforce these laws, even with a large inspectorate. As the Committee says, even in advanced countries "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 law". This is indeed the central recommendation of the Committee.

The Committee has made out a strong case for the early establishment of an autonomous public corporation for the provision of agricultural credit, operating under general official supervision and direction, but whose day-to-day working and transactions are done independently. Each Province should have a separate corporation with agencies and sub-agencies spread over the area on a centralised—not federal—type of organization. Government should subscribe 50 per cent of capital, the rest should be thrown open to co-operative banks, joint-stock banks, marketing organizations, but not individuals. The Board of Directors should be nominees of the Government and representatives of share-holding institutions. All executive officers should be appointed by the Government though some of them might represent non-official interests. This corporation should provide all types of credit—long-term, short-term and inter-term. It can deal with any individual producer, or group of producers. It should take into account not only the real assets but the nature of business and earning capacity of borrowers needing long-term credit. For inter-term credit a specific charge on equipment or chattel might be reinforced by a collateral mortgage. Short-term credit might be given on the basis of value of real estate and of certain features of individual business. The Committee has no doubt that the Agricultural Credit Corporation would by itself handle efficiently long-term credit for all classes of agricultural borrowers. As regards inter-term and short-term credit, however, in the case of 'substantial cultivators' alone the Corporation could deal directly, while in the case of others, the

Committee feels that some kind of borrowers' organisations—co-operative or otherwise—may have to be created through whom alone the Corporation could deal.

We wonder why the Committee is so solicitous of the 'substantial cultivators'. Who are these exactly? How many of them are really in need of credit for productive purposes? Are they unable to get credit on reasonable terms from moneylenders, who, in Madras and some other Provinces, are fellow agriculturists with savings to invest? We think that only a small proportion of the bigger landholders—say, about a third—really borrow in normal times; and they borrow more for social functions than for the improvement of land or agriculture and to a small extent they borrow for the purchase of land. As for the improvement of land, there is nothing much to be done in old well-settled canal or tank irrigated areas, in which most of these substantial cultivators are found, not in dry land tracts unless wells can be dug to tap the ample supply of sub-soil water, of which no survey has yet been made. There may be ample scope for expenditure on improvement, by way of levelling, digging, bunding, etc., where a new canal project has been executed. But, normally, as the Royal Commission on Agriculture said, "What is lacking is not so much capital for land improvements as ideas for utilising it for productive purposes".* Holdings will have to be reconstituted and tenure of the cultivators made more secure before any appreciable demand for genuine productive credit—long or short-term—can arise on these holdings. It seems to us that the bigger holders of land can be left to themselves to tackle the moneylenders. There is, no doubt, some exploitation of a few big landlords who are of extravagant habits and wish to borrow secretly; but if they suffer, or are even ruined in the process, agriculture hardly suffers. For they seldom cultivate their holding themselves or even lease it out to one or a few tenants; the holding being fragmented, though big, it is leased out in small lots to a number of individuals. Any diminution in the area of such a holding does not adversely affect agriculture, though it may bring down the income of the holder, which need not concern us. It is the smaller agriculturists, owners and tenants who cultivate the land or at least actively supervise and finance cultivation that require protection from moneylenders and facilities of institutional credit. The State, or the Co-operative Movement, should rescue these first. In their interest, any lending of sums below Rs. 2,000 may be prohibited by law, or at least not recognised in law, so that such borrowers may turn to institutional credit and lenders may seek as clients substantial landholders, or invest their funds in banks, commercial or co-operative.

The Committee is definitely in favour of co-operative credit as the one ideally suited to the less substantial or poorer cultivators. "The spread of Co-operation would provide the best and the most lasting solution for the problem of agricultural credit, in particular, and for most problems of rural economy in general". But it is of the view that co-operative solution is

*Report, p. 428.

not possible now to be adopted all over the country: the Movement has not been equally well developed in all the Provinces; in some it has definitely failed or is on the brink of failure. It is an autonomous organisation in which Government cannot interfere. Nor can it be made to serve non-members who may be creditworthy borrowers. On these grounds the Committee urges the setting up of an Agricultural Credit Corporation, at any rate where there is no prospect of the development of co-operative credit in the near future. Where this is well-developed, the Committee says at one place that a separate Corporation need not be set up, provided means are found for making finance available to all creditworthy borrowers (non-members too?). At another place, it is stated that where co-operative banking is developed in both ordinary and land mortgage business, the Corporation could constitute a third system.

This is what has roused the ire of co-operators who condemned the report at the Lucknow All-India Co-operative Conference, even before it was published. They feel that if both systems are run together side by side with more or less of State-aid and control, that which receives less aid and deals with less substantial cultivators is bound to go to the wall, as it did in Egypt. Other objections have been pointed out to the setting up of the Credit Corporation by itself; that it would involve an enormous staff and expense to scrutinise millions of loan applications and to supervise the utilisation of loans; that it would suffer from departmentalism and red-tape and would lead to the tyranny of the petty local official; that it gives little scope for the services of honorary workers, or for participation of the persons affected, *i.e.*, the borrowers; that no provision is made to promote thrift and local savings as is done or emphasised in the co-operative organization. So far as smaller cultivators are concerned, the august Agricultural Credit Corporation, according to the Committee, cannot do without primary co-operative societies at the bottom or at least "borrowers groups"—which being informal may also grow irresponsible.

This was the experience of joint stock and State-aided banks in Palestine and Egypt, according to Sir M. Darling In Palestine, "Barclays lent small sums to Arab peasants, until political disturbance brought the business to a standstill; but the loans had to be made to groups of cultivators jointly . . . and even so they had to be made at a higher rate of interest than similar loans to co-operative societies. I understand that the co-operative society is now regarded by the bank as the most hopeful line of approach to the peasant cultivator". Of the Credit Agricole d'Egypt, he says that it finances small holders, owners and tenants, not only through co-operative societies, but individually, and it also supplies clients with seed and manures. He adds: "Incidentally it is making a special effort to encourage co-operative societies by giving them preferential treatment. There is, indeed, little doubt that every banking institution, whether run for private or public advantage, will prefer to deal with a co-operative society rather than with the cultivator himself".*

* Year-Book of Agricultural Co-operation--1945-46, pp. 6-7.

The Committee has not abandoned faith in Co-operation, though it does not think like the Royal Commission on Agriculture that "if Co-operation fails, there will fail the best hope of rural India," but believes that an alternative system – Credit Corporation—can be tried with greater chances of success. Even then it contemplates the strengthening of old, and formation of new, primary co-operative societies, if only to serve the purposes of the Corporation and suggests measures for their improvement. First, it recommends, the frozen assets of societies should be liquified by adjustment of claims of societies to the repaying capacity of members who borrowed—the loss to be made good by Government. The credit societies are advised to adopt unlimited liability as a rule, though it has not worked well or even been well understood. Limited liability could be adopted, says the Committee, if that would attract "valuable elements" to the Movement in any region—provided a good part of the funds required would be raised by share capital and liability limited to a multiple of share value. We think it would be difficult to enforce this liability. Mortgage is justified when loans are for long periods and large amounts. Devices to reduce delay in the grant of loans after application are suggested. But the Committee has little to say on the raging propaganda for multi-purpose society in place of the simple credit society, though it wants this to establish contact with unions of stores for the supply of goods, with processing societies for conversion of produce and with sale societies for marketing produce, preferably on the controlled credit system of Madras.

Credit societies are not all of one type. In Madras, for instance, in some of the fertile East Coast districts, well-to-do agriculturists have left the society, scared away by the enforcement of unlimited liability—in some cases rendered inevitable by the freezing of credit and by low prices during the Depression. In some other parts of the country, *e.g.*, Coimbatore, well-to-do Panchayatdars have been more alert and so had little occasion to enforce unlimited liability; some of the old overdues are now being cleared off and old office-bearers continue wielding power and exercising patronage but not themselves borrowing except occasionally. Substantial cultivators need not be eschewed from credit societies if they help in administration and put in deposits, though they should give enough scope for borrowing members to take part in management. The former can help even more in the running of non-credit societies or activities by buying their requirements and selling their produce through these societies. Similarity of status is not so necessary in these as in credit societies of Raiffeisen type.*

Co-operative credit societies have not so far benefited, to any considerable extent, the bulk of the actual tillers of the soil—the tenants on fixed lease and the share-cropping systems—not to speak of agricultural labourers in spite of the tall talk of 'capitalisation of honesty' in the Raiffeisen system. It is seldom that landless tenants get any credit unless they own at least a house, though, theoretically, no mortgage of borrower's land or house is necessary in unlimited liability societies. This is, however, insisted

*C. R. Fay, *Co-operation at Home and Abroad.* Vol. I. p. 83.

on in practice in the case of loans for longer periods than a year and for larger amounts. Many of these tenants who are really labourers, specially in wet land areas, get credit for current cultivation and consumption purposes from their landlords or petty moneylenders—from the latter at usurious rates. The landlords seldom charge interest, but exact services of all kinds from which tenants cannot easily free themselves. The Committee very appropriately assigns the task of their relief and rehabilitation to a Governmental agency, specially as these classes are backward not only economically but socially. Some sort of Farm Security Administration, as in U.S.A., is suggested for dealing with these submerged classes—who, we fear, are more than a third of the agriculturists—and the chronically famine-stricken areas. It is beyond the province of a business body like co-operative societies to undertake the task of uplifting them. Some among them, no doubt, rise in the agricultural ladder, and more may do so under the schemes of economic development contemplated; they may then seek the help of co-operative societies. It is significant that all the co-operative financing (central) banks in the Madras Presidency declined to finance the societies of the Depressed Classes.

While the Committee is keen on developing primary societies, it looks as though co-operative central banks are not so indispensable in its eyes. Indeed, it argues for centralisation of finance by Agricultural Credit Corporation with headquarters at the metropolis and branches in the districts with local advisory committees. This line of thought is not new to us. The pros and cons of centralisation *versus* federalisation have been discussed at length by the Vijayaraghavachari Committee in Madras (1940). It had no hesitation in recommending the retention of the federal system. The central banks have, as that report says, served their purpose "admirably well" of mobilising local deposits, balancing funds and lending to primaries at a very reasonable rate. They have indeed brought down the rates of interest to unexpectedly low levels for creditworthy borrowers and they are able to borrow almost at the rate at which Government does. They have drawn into the Movement quite a large number of honorary workers, though a few here and there might abuse their position. The vast majority of central banks were quite sound financially, and the few that were not were being pulled up. Almost all of them had weathered the Depression; not one of them failed while a number of joint-stock banks crashed. The two Registrar-members of the Planning Committee have pointed out in their minute that the co-operative central banks have 'stood the test of time' and they provide a satisfactory machinery for the administration of credit. Centralisation, they aver, will keep out popular control from financing institutions that cater for the needs of masses through primaries. It will render the system of finance inelastic, cause delay and offer scope for petty official tyranny. It would offer little scope for local talent for administration and arrest the flow of local deposits which are now pouring in.*

*Report of the Committee on Co-operation in Madras (1939-40), pp. 212-217.

The President of the Madras Provincial Co-operative Bank, in a note on Co-operative Planning for Madras, claims that the central banks are "the strongest link in the chain of Movement in our Province". They command the confidence of the investing public and institutions to such an extent that new deposits had to be shut off even at as low a rate as 2 per cent and old ones could not all be renewed. There is indeed no lack of funds; more could be had easily, if only proper outlets could be found. Investments in new store and sale societies have come to their rescue; but they are afraid that this business may decline with the return of normal trade. The Provincial Bank declined to avail itself of the offer of the Reserve Bank to lend money at 2 per cent if this was passed on to sale societies at half per cent more. For, money could be had locally at two per cent not only by the Provincial Bank but also by some of the strong central banks, and the margin between borrowing and lending rates stipulated was far too low—much lower than the margin that the Reserve Bank recommended for banks in general a few years earlier, which co-operators objected to as too high! The President of the Madras Provincial Co-operative Bank holds that the directors of central banks who respresent primary societies act with a due sense of responsibility and are averse to pay more interest to depositors or charge less to borrowers, though they often borrow themselves. They certainly take more interest in the affairs of the central bank than the average director of any commercial bank does in its affairs.*

To bypass such financing institutions in the new scheme of things for the sake of an academic theory, cannot be relished in co-operative circles. How can co-operative banks be expected to take shares and take part in the management of the Agricultural Credit Corporation which is bound, in effect if not in intention, to supplant co-operative finance, with so much more of State backing? It is very doubtful if the Corporation can induce even the commercial banks to join it as share-holders on the avowed principle of service rather than profit, with no prospect of dividend for some years and restricted dividend afterwards. They would rather feel that their clients, the merchants and the moneylenders, would thereby be deprived of a great part of their business and themselves lose their custom in the process. In fact the Imperial Bank of India and other commercial banks did not disguise their dissatisfaction at the extension of co-operattive credit to marketing lines—loans given by co-operative banks and sale societies on pledge of produce in godowns—which they thought was an invasion of their province. This could be seen from the evidence tendered to Banking Enquiry Committees in 1930.

Co-operators cannot follow a policy of dog-in-the-manger; they cannot oppose the introduction of any alternative system of financing agriculture where co-operative credit has broken down beyond repair. But where it has been functioning well, they have a right to ask the State to help it forward and not set up any unhealthy competition for the benefit of those who could, but do not wish to, come into the Movement.

* Report of the Post-war Development Committee on Co-operation, 1945, pp. 46-51.

FUTURE PATTERN OF INDIAN AGRICULTURAL FINANCE

By

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It is necessary that the methods of financing Indian agriculture should be reorganised so that the existing debt burden may be reduced within the repaying capacity of the cultivator and he may be made creditworthy. This question has been recently considered by the Agricultural Finance (Gadgil) Sub-Committee which was appointed by the Government of India in 1944. In this article it is proposed to consider the main recommendations of this Committee.

Firstly, it has been suggested that all problems of agricultural economy should be tackled as a whole in order to make the financial reconstruction successful. In other words, there must be a balance between agricultural and industrial employment in each region to bring about a general body of solvent agriculturist producers. There must be economic holdings and the producer must be guaranteed continuity and security in production. Further, his efficiency should be ranged by increasing his technical competence and by reducing the risks of failure of production.

The Committee observe that " the adjustment of the old debts may be brought about in order to allow for the normal functioning of the economy of the producer and as a necessary preliminary to the reorganisation of agricultural finance ". In the past, various measures were undertaken to reduce the burden of agricultural debt. They were, however, piecemeal measures and did not aim at a permanent solution of the problem. Some of them were merely localised efforts which were to serve as temporary palliatives. After 1930 there was countrywide distress and the acuteness of the agricultural debt problem came to the forefront. More comprehensive measures were undertaken in the Depression period. These measures were also mainly designed to meet the situation arising from a sudden and acute fall of agricultural prices. The work of adjustment was not connected with the problem of rebuilding of financial structure. These debt conciliation measures were generally voluntary. The machinery to scale down debts could not come into existence unless a debtor invoked its help. There was no alternative financial agency and, consequently, the debtor was unwilling to antagonise the moneylender by approaching the Debt Conciliation Board or the Debt Relief Court for reducing his debts. These measures also failed to create a response among the moneylenders, for no agency was set up to redeem the scaled down debts. Moreover, conciliation did not cover all agricultural debts. Some were left out of its scope. The Bombay Agricultural Debtors' Relief Act of 1939 was an exception in that it tried to tackle the chronic problem of agricultural indebtedness as a whole and not merely to grant immediate relief.

The wartime rise in prices changed the situation. Of course, all regions and classes were not benefited. According to the data collected by the Reserve Bank of India the small cultivator was not at all benefited because of a greater rise in the cost of living and because of uneconomic holdings. The medium and the large scale cultivators were benefited greatly. This rise in prices did not, however, eliminate the problem of the accumulated debt. The existence of the burden of old debt must prevent the effective working of a sound system of agricultural finance. Hence the Agricultural Finance Sub-Committee have laid down the objectives of a debt adjustment scheme. The reduction of the accumulated debt must be brought about to a level where it does not hamper production and the adjusted burden should be eliminated by appropriate stages. The size and terms of the old debt should be such that it may not act as a drag on current or future activities and it should be gradually liquidated without impairing the capacity of the producer to finance current production or without depressing his standard of living. The debt, therefore, should be compulsorily reduced to a proper level, or the bankrupt peasant should be replaced by one who starts under bettter financial conditions.

To attain these objectives the Committee has suggested that the debts of agriculturist producers should be adjusted on a compulsory basis by a special machinery; while the debts of agricultural producers who have no transferable interest in land should be adjusted on application from the borrowers. On the other hand, the debts of such producers as have transferable interest in land are to be adjusted without waiting for applications from borrowers. This difference in treatment is necessary to avoid hardship to peasants who can obtain credit without possessing any fixed assets. The Committee have, further, suggested that the work of adjustment should be completed within a definite time not exceeding two years. This will help the new scheme to come into existence early. For this purpose creditors should submit their claims against agriculturist producers by prescribing dates; otherwise, in the absence of special reasons, the debts will be deemed to have been discharged.

The next step should be to assess the present value of the debtor's normal repaying capacity over twenty years at a reasonable rate of interest and the normal value of all his assets. If the amount exceeds his repaying capacity or half the value of his immovable assets it should be further reduced to half the value of the immovable property or the present value of the repaying capacity, whichever is less. Thus the debt is to be scaled down to 50 per cent of the value of immovable assets in order that it may be paid off to the creditors by transferring it to a land mortgage bank or a State agency. Where the debtor has no transferable rights in land the debts will be adjusted with reference to his repaying capacity. If the adjusted debt is beyond his repaying capacity the debtor is to be declared insolvent and his agricultural property is to be transferred to the Development Administration which will manage the same in the best interests of the country.

These adjusted debts are to be taken by the land mortgage bank or the Provincial Credit Corporation. In those areas where land alienation acts are in force the work of debt repayment will fall on the governmental agency. Here some standard other than that of 50 per cent of the value of the land will be required. Details will have to be worked out by the Provincial Governments concerned.

As a result of these proposals the entire agricultural credit machinery will be thrown out of gear; but loans will be necessary during the transition period. Hence the Committee have suggested alternative credit agency to take the place of the moneylender. The regulation of the operations of private agencies have been suggested The Committee have also suggested the organisation of Provincial Agricultural Credit Corporations, with agencies and sub-agencies in different areas. Their executive officers will be appointed by the Provincial Governments and their policy will be framed by a Board consisting of Government nominees and of representatives of shareholders. The State is to provide half the capital of the Agricultural Credit Corporation and the other half is to be provided by joint stock banks and co-operative banks and marketing organisations. These Corporations will provide all types of agricultural credit, because " a single organisation is better able to judge of the general position of agricultural borrower".* These Corporations have been suggested on the agricultural model prevailing in U. S. A , Egypt, Canada, South Africa and certain other countries. These Corporations will deal with the individual agricultural producers, or, if necessary, with borrowers' groups in those areas which are less developed and where cultivators are not of substantial means. In such areas cultivators will form themselves into co-operative credit societies, or, failing that, it will be necessary to create some kind of borrowers' organisations which may form a link between the local agency of a State and the large number of agriculturists scattered in different places. Long-term credit will be provided on the basis of assets and also earning capacity. Intermediate term finance will be made available on the basis of a specific charge on equipment which may be reinforced by collateral charge. Limits of short-term credit might be defined in terms of value of real estate and on certain features of individual business. Such a corporation would not be able to turn character into money as is done by a co-operative credit society. This is admitted by the Committee.

It has been suggested that the cost of finance by such a Corporation will not be larger than that of private or co-operative finance. An assured volume of work cannot be made available to the Corporation for long-term finance; but the Committee realise that this advantage is not clear with intermediate finance. This type of finance will be related to assets of a less durable character such as live-stock, and here continuous contact with borrowers is important and a local organisation of borrowers would prove useful for the purpose. Hence for financing live-stock, borrowers' organisations will have to be created.

* TARDY--Report on Systems of Agricultural Credit and Insurance, 1938, page 13.

There are, however, serious doubts whether such Corporation would be able to provide short-term finance to the agriculturists. According to the Committee this may not be difficult in certain types of special business. Sugarcane cultivation through sugarcane societies as in the United Provinces should be handled as cheaply and efficiently by the Corporation as by any other financing agency. The Committee point out that if in the post-war period attempts are made at stabilising agricultural prices and they lead to the establishment of considerable control over marketing and prices, the work of centralised financial agency in areas where important commercial corporations are concentrated may not present great difficulty; but in the absence of such aims and policies and in areas where subsistence farming is still dominant the work of such a Corporation might not be easy and cheap.

The existing co-operative agency has been discarded to function as an alternative agency in the pattern of future Indian agricultural financial system for a number of reasons. Firstly, it is weak in certain provinces, while in others it has to be completely rebuilt. Secondly, the movement is voluntary and without sacrificing its autonomous character it cannot be used to implement government policy. A credit institution in the hands of debtors if run by paid bureaucrats will not be efficient. Thirdly, the co-operative banking structure cannot be linked with non-members. Finally, there will be no duplication of efforts by creating state agricultural banks, because the field covered by co-operative banks is not very large anywhere and there is great scope for alternative agencies.

The aim kept in view regarding the cost of agricultural credit is laudable. A sound system of agricultural finance should provide cheap credit to all creditworthy borrowers. In England the Mortgage Corporation could provide long term loans at 3½ per cent. The small cultivator in the precarious areas has to pay very high rates which he cannot afford. The Corporation will not adjust its rates like the local moneylender to each specific transaction. It will average out its risks and returns and maintain uniformity in interest rates. It will favour the economically disadvantaged class of persons. Hence the Committee have suggested that the Corporation should charge not more than 6¼ per eent for current finance and 4 per cent for development finance. Hence a certain amount of assistance from the State will be necessary. Even in the U S A. for agricultural credit interest-free funds are provided by the State. In other countries, agricultural credit is subsidised by the State in two ways : Firstly, funds are provided on special terms to agricultural credit organisations, and secondly, cost of credit is subsidised by the State. This was so in Germany under the Nazi regime and this principle has been embodied in the recent Canadian legislation. It also prevails in the U.S.A. In England also the Mortgage Corporation gets subsidy to keep the interest rates at a low level. This Corporation charges 4 per cent interest on long term loans, while it pays 4½ to 5 per cent on debentures. This is due to State subsidies which in 1943-44 amounted to £50,000. Hence the Committee has suggested that a subsidy or help from the State may be necessary for these Corporations to keep interest rates low. This help may be in the form of free use of substantial funds or by directly subsidising costs of administration, supervision, etc. Special costs will arise to maintain agencies or offices in areas where the volume of business is not very large. This is with a view to make the State Corporation an ubiquitous competitor to the private moneylender. It may be conceded that the interest of the government in the extension of banking facilities and its readiness to subsidise the process are exemplified in the agreement with the Imperial Bank according to which the Bank was to open a number of branches in return for the privileges granted to it.

Under the scheme laid down by the Agricultural Finance Committee, there may be three alternative agencies for supplying agricultural credit practically for the same purposes, namely, the State Agricultural Credit Corporation, the co-operative land mortgage bank and the co-operative banks. The Committee have suggested that steps should be taken to provide for the effective co-ordination of all the agencies and for preventing overlapping of areas and duplication of efforts. The offices of the parallel organisation may act as each other's agents in areas where it is uneconomic and unnecessary for all of them to have agencies or sub-agencies.

It may be pointed out that the idea of three alternative agencies in the same area may not be conducive to a sound system of agricultural finance. It is difficult to avoid duplication of efforts by suggesting that one parallel organisation may act as the agent of another in certain areas. They will be independent units and the spirit of competition will prevent this suggestion from working in an effective manner. Moreover, it may become a problem to the cultivator to which agency he should go. This scheme may also give a setback to the growth of co-operative movement State subsidised corporations will surely have an advantage over the co-operative movement whose development may be retarded. It may be pointed out that in countries like Egypt, South Africa, and U.S.A. the apex banks deal with co-operative societies and consequently in those countries co-operative movement is not hindered by the existence apex State organisations. The State can encourage land mortgage banks and co-operative societies by placing funds with them, by subsidising their cost of administration and supervision and also by placing interest free funds with them In fact Provincial Credit Corporations as alternative agencies would not be found necessary if sound and bold measures for the rehabilitation of the co-operative movement had been suggested by the Committee.

The Committee have of course made recommendations for improvement of the co-operative structure. Co-operative societies should have statutory charge on the crop for the seasonal finance supplied by them and to make it effective a wilful breach of it is recommended to be made a criminal offence. They have also suggested the fixing of the borrowing limit for each member for a year so that loans may be advanced when required. Sound societies should get cash credits from their financing institutions.

They should be permitted to keep some cash in hand which can be utilised in making small loans. Further, co-operative finance should be so planned as to be available to each and every member when he requires it. It has also been suggested that the Reserve Bank of India should increase the rebate by $1\frac{1}{2}$ to 2 per cent to enable co-operative societies to grant cheap loans. The Government should also subsidise the cost of administration of such societies. The cost of supervision is also to be met by the State. It is, however, doubtful if all these suggestions put together will lead to the growth of the co-operative movement in the face of the competition of the State-subsidised Agricultural Credit Corporations.

The Committee have also recommended the development of warehousing system and transport in order that Section 17 (4) (D) of the Reserve Bank of India Act may be taken advantage of by the agricultural credit machinery and that commercial banks may be able to play an adequate part in providing market finance.

The business of moneylending is also recommended to be controlled. The earlier Acts failed because of the absence of supervising or inspecting machinery which is now recommended to be set up in every Province. Moneylenders are to be licensed and inspected. The cost of inspection is to be met by licensee. The licensee is annually to submit a report to the inspecting authority in the prescribed form and annual returns of business are also to be sent to the agency. The supervising agency is to publish periodic reviews of the working of Debt Acts.

The future system of agricultural finance also needs the provision of machinery for relief and rehabilitation on the model of the Farm Security Administration of America. The Committee recommend a periodical review of the working of debt relief legislation. The Provincial Corporations are to issue annual returns which are to be continuously reviewed, and collected by the Agricultural Credit Department of the Reserve Bank of India. The Bank should set up a Standing Committee to provide for a continuous examination of the data made available. It should also act as a clearing house of information to ensure adjustments in the working of debt legislation from time to time.

Banks of issue in other countries place funds with the agricultural machinery at specially low rates of interest and for longer periods of time than for industrial finance. This is also done by the Reserve Bank of India. Some Central Banks, *e.g.*, in Germany, provide credit facilities directly to agriculturists. In others, *e.g.*, Australia, special departments attached to the Central Banks directly entrusted with funds, provide special facilities for special forms of agricultural finance. In some countries a portion of the annual profits of the bank of issue is earmarked for the expansion of agricultural credit machinery. Attention should be paid to this important aspect of agricultural finance.

REVIEWS

YEAR BOOK OF AGRICULTURAL CO-OPERATION, 1945-46: *Edited By the Horace Plunkett Foundation* (*W. Heffer and Sons, Cambridge*; **15s. net**).

This is again a double number, but slightly bigger than the last volume. The pride of place among contributions is given to one by Sir Malcolm Darling of the Punjab, whom we are glad to find as one of the Trustees of the Horace Plunkett Foundation. He reviews the part played by the Government and the co-operative societies in the financing of the cultivator in the Colonial Possessions of the British, the Dutch and the French in Asia and Africa. The inability of joint stock banks to come to the rescue of cultivators individually is brought out. They have learnt the lesson that they must deal with them only through co-operative societies. The undesirability of Government becoming banker to the people is illustrated by the cases of Egypt, Ceylon, Indo-China and Java—where the opinion is now firmly held that Co-operation is the *sine qua non* of rural development.

We have next a neat summary of a comprehensive, candid and critical survey of "Co-operation in the Colonies" by the Fabian Society which has come to the conclusion that "no broad policy of economic development can effectively reach the masses of the colonial peasantry without inclusion of planned development along co-operative lines". There is a note on "International Co-operation" which pleads for "the free peregrination of co-operative workers and students which in times of peace contributed so much not only to understanding but to the cross fertilisation of ideas without which no movement will long continue to move." "The Modern Co-operative Community", by F. Infield gives a fascinating account of three successful attempts at co-operative farming and living—the Kvutza of Palestine, the Kolkhoz of U.S.S.R. and the Ejido of Moscow. Space forbids a summary—a temptation difficult to resist in these days of loose talk on co-operative farming.

Readers in India will naturally be interested in the short sketch given of recent Developments in Agricultural Co-operation in India by Mr. Sher Jangh Khan of the Reserve Bank of India. He says that the need for organising multi-purpose societies in villages has been recognised all over the country now, though the figures of transactions cited by him are not quite impressive. We are glad to note the conversion of the Reserve Bank authority to the preference for limited liability—no longer clinging to the fetish of unlimited liability as a matter of necessity and not of choice—and for the extension of the area of operations of a rural society to a group of villages. The effects of the recent rise in prices are noted—reduction of debt of bigger landholders, the worsening of the fate of agricultural labourers, the greater flow of deposits in village societies and central banks, etc. Mr. Sher Jangh Khan gives a summary of the recommendations reported to have been made by the Agricultural Finance Sub-Committee (of which he was himself a member) which, while blessing co-operative institutions, makes out a strong case for the setting up of an Agricultural Credit Corporation to supplement the co-operative credit system. Co-operators fear this Corporation, with ample State-aid and control, may supplant co-operative credit.

There is a good account of vicissitudes of Co-operation in Ceylon by Mr. G. DeSoyza, who has an attractive style and a great capacity for self-criticism. Dr. J. G. Knapp gives an excellent account of the rapid progress made by the United States, especially in processing societies. Miss M. Digby surveys the situation in Greece in a sympathetic spirit, presenting the economic and political background. The fate of Co-operation in other war-torn countries of Europe—Denmark, Netherlands, Norway, Czecho-Slavokia, etc.—is dealt with by native writers. Though losses have been inflicted, the structure of Co-operation has not been damaged. The spirit is not broken. There is a stronger feeling of unity among co-operators. The Year Book closes as usual with brief reviews of the latest literature on Co-operation.

K. C. R.

CO-OPERATIVE CONFERENCES AND MEETINGS

FIFTEENTH REGISTRARS' CONFERENCE

Held at Madras on 12th May 1947

Opening Speech of the Hon'ble Sri O. P. Ramaswamy Reddiar, Premier of Madras.

On behalf of the people of Madras, I am very happy to welcome the President and delegates of the 15th Conference of Registrars of Co-operative Societies in India to this historic City of Madras. I hope you will find your stay here pleasant, in spite of the summer-heat, and that when you go back to your homes, you will carry with you sweet memories of the fine city of Madras and warm feelings of old friendships revived and new friendships established. Now that independence is in sight, the greatest need of the country to-day is to strengthen the unity of the nation by bridging over differences between the North and the South, the East and the West, between communities and castes, and between creeds and languages. Political conferences are playing a useful part in building up such solidarity, and it would be all to the good of the country if more people from all parts of India meet together often in non-political conferences of the present kind. They will help to fasten attention on common needs and problems and give them precedence over local and sectional interests.

It is now forty-three years since the Co-operative Movement was introduced in this country. During this period, officials and non-officials have contributed their best to the progress of the movement. It has had varying fortunes; it has developed well in certain Provinces and States; it has progressed feebly in certain others. Nevertheless, it has now definitely come to stay. There was a time (1928), when the Royal Commission on Agriculture observed in a despondent tone: "If Co-operation fails, there will fail the best hope of rural India." But we have now reached a period when we realize that Co-operation has not failed but it is a live movement, rich in promise. We have so far been inclined to confine our activities only in the co-operative credit side. We note with satisfaction that recently in some parts of the country the co-operative credit structure is so strong that it has made it possible to launch and finance non-credit co-operative institutions on a pretty large scale. The producer-cum-consumer co-operative societies are one of our greatest experiments in the co-operative field. They have been successful in Malabar and it is a pity that the timing of their beginning to function in the Circars and the lack of trained personnel has led to a temporary partial suspension of their activities there. But I have no doubt that the principle is good and those societies deserve to succeed. If you will forgive me a bit of local pride, 25 crores of rupees worth of business a year in the co-operative stores of this Province, 3 crores of transactions in the Land Mortgage Bank, 4 crores of sales in the handloom weavers' co-operatives and over 1/2 a crore of milk produced in co-operative milk supply societies are some indications of the benefits which co-operation can confer on the masses. But even this is not enough. The co-operative movement must identify itself with the cultivator. I am sorry to see that even co-operative institutions are charging the cultivators nearly double the rate of interest at which money is available in the open market. This situation must be remedied. Some banks are refusing credit to co-operative institutions on the ground that they are interfering with the activities of normal trade channels. On behalf of the Government, I want to sound a note of warning to them. If banks become mere tools of vested interests and try to stand in the way of people developing a spirit of self-reliance and developing the Co-operative Movement, those tactics will not be tolerated for a moment. I request the Government of India to take note of the situation and do the needful. I am envisaging the time, at a not distant future when all the financial transactions of the Governments and institutions like the Insurance Companies will be with Co-operative Banks. We look upon co-operation as the harbinger of a new India built on new economic foundations. We realise that, in it, the greed for profit which animates capitalistic endeavour is subordinate to the desire for mutual well-being. We see in it a means of conferring the highest good upon the largest number, without sacrificing stimulus for individual gain which is so necessary for economic progress. More than all, we are convinced that a new economic system can be established in the country through co-operation without having to go through the travails of a revolution. My own dream for the villages of our country is villages like Gosaba in Bengal started by Sir David Hamilton.

This is presumably the reason why the last Registrars' Conference which met at Bombay in 1944 suggested the constitution of a Committee to plan out the economic progress of this great land on co-operative lines, and the Government of India set up the Planning Committee on Co-operation in 1945. I understand that your chief work during this Conference will be to discuss, dissect and decide upon the elaborate recommendations made by this Committee. Some of them are of far-reaching importance like the constitution of an All-India and Provincial Co-operative Councils, the establishment of an All-India Research Institute and Provincial Co-operative Colleges, the setting up of Provincial Agencies for small industries, the creation of Agricultural Credit Corporation, etc. I am sure that both the Government of India and the Provincial and State Governments will have your considered opinion on these subjects based on your wide practical experience in the field of Co-operation. It will be a representative opinion because this Conference is constituted with delegates coming from all the 11 provinces and as many as 11 of the Native States, besides representatives of the Government of India, the Agricultural Research Council, the Central Marketing Board, the Reserve Bank of India and the All-India Association of Co-operative Banks and Institutes.

If I may make one observation to the Conference on the recommendations of the Planning Committee, I should draw attention to the fact that the bulk of their recommendations relate to State-aid. I recognise that in any scheme of Planning the agency which plans out the scheme should meet the cost of the plan in a very large measure. At the same time, it should not be ignored that co-operation is essentially a system based on self-help. Dependence on the State for progress will detract the spirit of self-reliance and independence which make for true progress. The Co-operative Movement should enter all walks of life like industry, dairy-farming, co-operative commerce, agriculture and agro-industries. Co-operative insurance institutions should take up new lines like crop insurance and cattle insurance. There must be an Agricultural Finance Co-operation on the lines of Industrial finance. Corporations and the various Governments, Central and Provincial, should help towards that end. The benefits of Co-operation should be brought home to the children at school as also to the grown-ups. It is not too much to say that this spirit should be inculcated in persons in power as well as officials. I am, however, conscious of the fact that if Co-operation is to expand and develop it should have a considerable degree of State-help but the degree of State-help will be necessary for some time until profits fixed for development are attained; that can be given by any provincial Government or State will depend on the extent of their own resources which are pretty limited and on which there are various demands. I hope the Government of India, under the able guidance of our beloved leader, the Hon'ble Dr. Rajendra Prasad, will supplement the resources of local Governments liberally so that we may attain the rapid and stable expansion of the Co-operative Movement which we all desire. We have benefited a great deal under his leadership. Not only Bihar but the whole of India owe him a deep debt of gratitude for his self-less endeavours in the cause of political emancipation. The right to rule our land has been won, thanks in a considerable measure to his counsels and his deep sacrifice. The freedom from famine in India in these hard days of food scarcity is due to his able administration of the Food Department of the Government of India. But may I be permitted to request him to reconsider the question of prices of food grains in Madras so as to give the agriculturist a fair price and make him produce more grain. May we not hope that the establishment of a new economic order based on Co-operation in this vast land will also owe much to his leadership and generosity?

Gentlemen, I thank the Government of India for having chosen Madras for the first time as the venue of the Registrars' Conference and wish you all an enjoyable stay in Madras and a successful Conference.

Presidential Address of the Hon'ble Babu Rajendra Prasad.

The Co-operative Movement has been with us now for nearly half a century. During this period, it has passed through many vicissitudes, but, on the whole, the general expansion cannot be said to have been effected. The Movement has been working long enough for us to pause and reflect. On the one hand, we have to look backward and estimate our achievements and failures. On the other hand, we have to look forward and decide the lines along which expansion and progress should be directed.

It started with the organisation of co-operative credit societies under the Act of 1904. The kind of societies visualized there, was the type that obtains now, namely, that rural society composed of agriculturists with unlimited liability. Rapid growth of the Movement made it necessary to remove some of the defects of the previous Act. The result was that the Co-operative Societies Act, 1912, which can be said to be the basis of the present Co-operative Movement, was passed. Under this Act legal recognition was given to societies organised for purposes other than credit and the distinction of rural and urban societies was abolished. With the passing of this Act the number of co-operative societies increased considerably and new types of societies for the sake of production, purchase of manure, retailing of farm implements, better housing, sanitation, primary education and so on came into being. In 1919, Co-operation became a Provincial subject. Since then in every Province emphasis has been laid on the type of Co-operation that suited the Province. Up to 1929 the Movement grew in strength, but on account of the depression which began in that year it received a severe setback. Accordingly from 1929 up to the beginning of the War, emphasis in the Co-operative Movement was more on consolidation and rehabilitation rather than on expansion. It was but natural that on account of the need for reorganisation official control on the Movement increased during this period. When war began the agricultural prices started going up in common with other prices. The Co-operative Movement received an impetus. The members repaid their debts, deposits with Co-operative Banks increased. In fact, they increased so rapidly that, with the proportionately smaller demand for loans, the banks were faced with the problem of surplus funds. The significant feature of the Movement during the war was the growth of Consumers' Co-operative Societies and Stores especially for the procurement of foodstuffs. Co-operative marketing also grew. In the post-war period which has just begun, we are now confronted with the problem of fitting in the Co-operative Movement in the general plan for the economic development of the country.

In the earlier years, the Movement was confined to the provision of rural credit, based on the principle of unlimited liability. The development of Co-operation was guided and controlled by the Government; Government control had both advantages and disadvantages. The advantage was that an experiment in social economics, largely dealing with the poor cultivators, was started with the authority of Government behind it and this helped to sustain the Movement in its infancy in spite of failures here and there. We must accept that this foundation has been of immense value in making possible much rapid development in the later years. At the same time, with the development of a co-operative consciousness among the more intelligent public, several leading non-officials interested themselves in the development of Co-operation. It would be true to say that, under the conditions of Government then existing, the Co-operative Movement offered about the only opportunity for the Government and the public to get together for improving the conditions of life of the people. Under the Reforms Act of 1919, Co-operation became a Provincial transferred subject, and was placed under the charge of a Minister. During this period, there was considerable development. Non-credit Co-operation came to increase in importance. Provincial legislation, to suit the special conditions of each Province, was introduced. Non-official institutions for propaganda and education were encouraged. Certain Provinces appointed committees of enquiry to report on the progress of the Movement. It was clear by then that the Movement had taken root in the country and both official and non-official opinion came to be directed towards guiding its future along proper lines. The depression during the last decade, no doubt, checked the rapid expansion of the Movement but it helped to focus attention on defects that naturally assumed importance during a period of stress and strain, and in this sense, had a beneficial effect on the Movement. During the war, the elaborative controls instituted by the Government imparted a stimulus to consumers' societies—a side aspect of the Movement which has long continued to be rather weak—and marketing activities, by the co-operative method.

The Co-operative Planning Committee have defined Co-operation to be "a form of organisation in which persons voluntarily associate together on basis of equality for the promotion of their economic interests. Those come together to have a common economic aim which they cannot achieve by individual isolated actions because of the weakness of the economic position of a large majority of them. This element of individual weakness is to be overcome by the pooling of their resources, by making self-help effective to their mutual aid and by strengthening the bond of moral solidarity between them." The essentials of the co-operative movement as distinguished from other forms of organisations are: (*a*) the willing co-operation of the members; and (*b*) the recognition of the democratic principle as evidenced by the practice of one man having one vote and not more. It is these principles which make the Co-operative Movement so different. As has been said, "Economic security could conceivably exist with a high degree of material prosperity in the slave State, but at the price of slavery." The kind of economic security is however hardly worth having.

In formulating policies of further development of the Co-operative Movement so as to suit the needs of this stormy post-war world in which we find ourselves, it is well to remember how eminently suitable the co-operative method is to the peculiar problems of India.

The Committee set up by the Government of India, namely, the Agricultural Finance Sub-Committee presided over by Professor D. R. Gadgil, and the Co-operative Planning Committee of which Mr. R. G. Saraiya was the Chairman, agree that the Co-operative Movement will provide that best solution of many of our problems. Co-operation is primarily a poor man's organisation. It fits in with an economy in which the small cultivator is the central figure. As an individual the cultivator is weak and cannot hope to stand up against the gigantic forces that lead to his exploitation. Through co-operation he acquires strength. At the same time the co-operative method affords sufficient freedom to the individual, unlike extreme forms of planned State control in which the individual is perhaps better housed and better fed and clothed, but is drilled into a uniformity that cannot but utlimately stunt his stature as a human being. There is an element of democratic freedom inherent in Co-operation and this freedom has to be prized above all things. The freedom of the individual, however, has to be used for the benefit of the community of which he is a part, and it is this healthy compromise between discipline and freedom that is embodied in the co-operative method "all for each and each for all." One cannot think of a more wholesome philosophy for a country of self-reliant cultivators living in communities small enough for one person to know another, and willing to pool their resources and create social and economic unity and strength. The various organisations in the Co-operative Movement have to be conceived and created in this combined spirit of advantage to one's self and benefits to others. Without the background of this ideology, individual institutions will lose much of their significance.

In turn, this background of the Co-operative Movement points to the importance of looking at Co-operation more as a way of life than as a series of separate institutions for specific purposes. The various forms of Co-operation are intended to subserve the varying needs of the cultivators, the labourers and the general public. All these various institutions together help the individual to lead a better life. The cultivator should be made to feel that the Co-operative Movement can help him at all stages. It affords credit for redeeming past debts through Land Mortgage Banks. For his cultivation expenses it extends facilities for securing good seed, manure and implements. It is a healthy sign that these facilities are increasingly being provided in kind rather than in cash. Societies for consolidation of holdings help to arrest the evil of fragmentation. He can improve his land by digging wells or raising bunds by loans of a medium dated character. The co-operative society purchases his produce, stores it and sells it for him thereby helping him to secure fair prices for his produce which he has to sell. His daily needs are met by the consumers' society which secures to him what he needs to purchase at fair prices. Cottage industries to occupy the spare time of the cultivator and his family offer a fruitful field for co-operative effort. Thus the Movement contracts the cultivators' every point. This is proper and healthy, and the tendency to bring together as many aspects as possible in one institution which has a "multi-purpose" character is to be welcomed. It is true that the Movement originated with credit and that original sin still sticks to it. Even to-day the primary credit society is the base of the Movement, but it has to be enlarged so as to move one step higher up and provide those facilities for which credit is utilised. The co-operative circle will then start with their provision of seed and manure, and will be completed by the marketing of the produce.

That credit should have played and should continue to play such an important part in the Movement is but natural inasmuch as the want of it or the lack of the capacity to command it at reasonable rates is the greatest weakness of the small man. The two Committees have accordingly recommended that the financial structure should be reconstructed so as to provide agricultural producers with an agency of credit alternative to the private moneylender. The village moneylender is and has been the target of much criticism. Whatever his sins may be, it must be admitted that in the absence of credit societies he played a most useful part in supplying credit. His terms may have been exhorbitant and his methods not always and in all cases quite honest. But I cannot help saying that I have seen co-operative credit societies charging something like 15 per cent per annum as interest on the loans advanced by them and that when they had not only the benefit of the unlimited liability of all the members of the society for the default of any member but also of the legal right to claim facilities for quick realisation of their dues. The village moneylender had none of these and if he charged more than 15 per cent interest in some cases for the extra risk involved, I for one would not be prepared to blame him. Dishonest dealings of those who indulged in them are apart and of course deserve strongest condemnation. One great weakness of the Co-operative Movement proceeded from what we regarded as its strong point. Co-operative societies could not charge interest at lower rates from their borrowers when to attract deposits they were themselves paying 7 or 8 per cent to their depositors. The unlimited liability of their members and the facilities for enforcing their claims created a facile complacency and loans were advanced which did not fall strictly within the objects for which they could be advanced and further hardly any check was exercised on the utilisation of the loan by the debtor who very often used it for non-productive purpose. The natural consequence was strict enforcement of the rules for realisation of the debt, taking over of lands in lieu of the debt not only of the debtor but in many cases of others who had unwittingly assumed unlimited liability and had been too lazy to see to it that the debtor did not abuse the trust and thus throw their own liability arising out of their impecuniousness on others. When debts could not be realised in spite of all this, societies were unable to fulfil their obligations to the co-operative banks, and the latter in their turn closed their doors in several cases and those who had deposited their savings and small earnings in the hope of getting interest at a higher rate than was available from other banks lost heavily not only the interest but in some cases also their capital. Efforts were made to stop the rot and Provincial Government came to the rescue of the Movement after this period of depression, and but for the events that followed the starting of the World War II the Movement in many places would have collapsed. In any scheme of reorganisation the defects of weaknesses should not be lost sight of and should be provided against.

The Gadgil Committee have recommended that the alternative agency should be an Agricultural Credit Corporation to which the State should provide a part of the working capital and take responsibility of administration. It is further recommended that each State or Province should prepare separately a scheme for such a Corporation for themselves. The Saraiya Committee however feel that much time may be lost in preparing such a scheme and recommend that the existing number of Co-operative Banks and other Central Financing

Organisations should considerably be reconstituted. Whatever may be the form of organisation, it is clear, that our Co-operative Movement would have to be strengthened and reorganised so as to save our agriculturist from the clutches of the unscrupulous money-lender and to provide him with a more satisfactory and adequate form of credit. Further, Co-operative Societies should be reformed and reorganised so as to serve as a centre for the general economic improvement of its members. It is considered that it should develop into a multi purpose society. It should not only finance crop production, but also act as an agent for the sale of crop, supply the farmers with seed, cattlefeed, fertilizers and agricultural implements; serve as a Milk Collecting Station for the nearest dairy and as a centre for animal first-aid; serve as a centre for maintaining agricultural machinery for joint use of members and encourage subsidiary occupations for its members. The Co-operative Planning Committee has suggested that a target should cover 50 per cent of the villages in British India and 30 per cent of the rural population within the ambit of the reorganised primary societies within a period of 10 years in two 5-year periods. The membership of a primary society should be at least 50. To reach the target it will be necessary to increase the number of members in the existing societies and to start new societies and it has been calculated that 1.7 million members should be added to the existing 97,337 societies and 21,600 new societies should be established annually for 10 years. It has further been recommended that the Government should give a subsidy amounting to 50 per cent of the cost of management to all the societies—old and new—for the first five years.

We have met here in this Conference to consider these and other recommendations of the Co-operative Planning Committee which are of a very far-reaching character and involve heavy cost. In doing so we shall have to bear in mind that Co-operation is a Provincial subject and the Government of India can only guide and suggest and offer such financial and technical assistance as it can afford; but the burden of giving effect to and implement recommendations will fall mainly on the Provinces It is possible that in the set up which will follow in train of the impending constitutional changes the scope of the functions of the Central Government may be still further circumscribed. Whatever the future may bring, we have to give our considered views on the recommendations and a detailed agenda has been prepared for the Conference.

I now indicate only some of the points of principle which should receive the careful attention of the Conference. Of these the first and foremost is the suggestion to increase and widen the scope of co-operative activities from being very largely credit societies to multi-purpose societies. In this connection the question whether the liability of the members should be limited or unlimited is one of fundamental significance. Another question of importance is whether Co-operation can at all have resort to compulsion in any form, and if so, the extent to which it can go in that direction. Co-operation is based primarily on voluntary association and this should not be departed from. But there may be certain activities essential for economic progress, like consolidation of holdings, crop production or irrigation in which the desired object may not be attained without resort to compulsion and the question arises as to what may be regarded essential schemes and what should be the proportion of the community which through co-operative societies could make its decisions binding on others. A third fundamental point requiring consideration is the extent of Governmental control, interference and assistance in the affairs of co-operative societies. Apart from those and such other questions, there are other recommendations dealing with details relating to each particular kind of activity that co-operative societies may undertake. These relate to supply of agricultural credit, co-operative farming, milk production and supply, co-operative marketing of agricultural produce, small and subsidiary industries, consumers' Co-operatives, Urban Credit, co-operative housing societies—urban and rural; co-operative insurance including life insurance, fire insurance, cattle and crop insurance, general administration and training of workers and propaganda, etc. I would invite the Conference to take up the consideration of these relating to the agenda.

I am glad and grateful to have this opportunity of joining in your deliberations and hope the decision we shall be able to arrive at will result in expanding and strengthening

the co-operative movement which holds out such a rich promise of progress for the great bulk of our vast population. We have to tackle the problem of the poverty of our masses and improvement of agriculture and animal husbandry and expansion and improvement of industries are essential for this purpose. We have to tackle the problem of illiteracy and insanitation, and disease and in all these and many other spheres co-operation has a great part to play. The prospects are vast and varied and it requires a correspondingly increasing interest on the part of the people at large to be evinced and taken in the work. That depends upon the number of women available and even more upon the qualities of head and heart and the equipment of those who will choose this line of public service. It requires an ever-increasing number of enthusiastic public-spirited workers imbued fully with the spirit of co-operation and in the difficult and interesting times ahead let us hope we shall get them. (Loud and continued cheers.)

The following resolutions were passed at the Conference.

1. The Conference noted the action taken on the recommendations of the 14th Co-operative Registrars' Conference.

2. This Conference records its high appreciation of the valuable service rendered by the Co-operative Planning Committee and conveys its thanks to it for its comprehensive and useful report.

3. This Conference considers that planning in co-operation does not mean a departure from the voluntary principle governing the membership of a co-operative society, that the principle should be respected and no one should be compelled to join a society, and that responsible nation-building departments of the Government will be able in many cases by means of education, propaganda, persuasion, demonstration and denial of privileges to non-members to bring about the organisation of co-operative activities along planned lines without resort to compulsion.

It further *recommends* that where there is need for the provision of a common essential economic service or where the larger interests of the community require it, a resolution passed by a co-operative society should be made binding by law on non-members provided that a substantial majority of the economic category or group affected accept it.

4. This Conference endorses Recommendation No. 15 of the Planning Committee about the basis of reorganised agricultural primary credit societies and considers that—

(i) as the supply of credit touches only one aspect of the life of the cultivator, the activities of the primary co-operative societies should be extended as to cover the whole of his life. The primary credit society should, therefore, be developed so as to serve as a centre for the general economic development of its members;

(ii) The membership of the primary society should be open to all persons residing in its area of operation. The society should be so organised as to have at least fifty members and its area of operation should be such as would permit adequate business, and at the same time, efficient supervision and effective control; and

Recommends that the reorganised agricultural primary co-operative society should, in particular, (*a*) finance crop production; (*b*) act as the agent for the sale of produce to the nearest co-operative marketing organisation; (*c*) supply the farmer's simple needs for crop production like seed, cattle-feed, fertiliser and agricultural implements, and also consumer goods like cloth, kerosene, salt, and matches on indent basis or on the basis of established needs provided that such a society may be permitted by the Registrar to function on the system of outright purchase and the sale to the extent of twice the paid-up share capital where its size, financial strength and soundness of management permit; (*d*) serve as a milk collecting station for the nearest dairy and as a centre for animal first-aid and maintenance of stud bulls; (*e*) serve as a centre for maintaining agricultural machinery for the joint use of the members; and (*f*) encourage subsidiary occupation for its members.

5. This Conference endorses Recommendations Nos. 16 and 17 of the Co-operative Planning Committee as the minimum target of developments which should be aimed at; but *recommends* that the ultimate objective of co-operative organisations should be to bring all the villages and a hundred per cent of rural families within the ambit of sound and reorganised primary societies. The initial targets should however be fixed for each Province and State in the light of the local circumstances.

6. This Conference considers that co-operative effort should be specially directed towards the increase of agricultural production, endorses Recommendation No. 20 of the Planning Committee on co-operative farming, and

Recommends that when ex-servicemen are settled on lands, the settlers should by the terms of their grants not be permitted to alienate lands except to the society or a member of the society approved by it; and that a delegation including a representative of the co-operative movement should be sent to the U. S. S. R. to study the working of collective farming.

7. This Conference considers that special attention should be paid by co-operative societies to the proper maintenance, feeding and treatment of live-stock, to the production of the requisite green fodder and concentration and their supply at favourable rates and to the increase of live-stock products.

8. This Conference endorses Recommendations Nos. 33-37 and 39-42 of the Planning Committee except that the minimum daily quantity of milk which each society should produce and supply should be 150 lbs. or 2 maunds.

9. This Conference emphasizes the fact that, as the prosperity of the agricultural community depends largely on the marketing of agricultural produce, in all schemes of rural reconstruction, Central, Provincial and States' Governments should give a high priority to Co-operative Marketing, and considers that a trading society which may be known as a purchase and sale society or a supply and marketing society should be established at each important *mandy* which should deal with the supply of the requisites of agriculturists and the marketing of local agricultural products; and

that these societies may form unions either on a territorial or on a commodity basis as may be more convenient.

Where Unions are formed on territorial basis, the provincial federation should have separate divisions for dealing with each important commodity.

Where Unions are organised on a commodity basis they may, if necessary, unite in a provincial federation, but the latter should in any case deal with items for which there are no commodity unions.

10. This Conference endorses Recommendations Nos. 65-67, 69-71, of the Planning Committee as regards co operative marketing of agricultural produce; and

Recommends that the work proposed for the All-India Marketing Association should be taken up by the Commodity Corporation suggested by the Krishnamachari Committee.

11. This Conference endorses Recommendations Nos. 78-92, 95, 96 and 98 relating to small and subsidiary industries, made by the Co-operative Planning Committee.

12. This Conference endorses the recommendations of the Planning Committee as regards consumers' co-operation, but *recommends* that (1) the goods required for the supply of agricultural requisites by the rural stores section of the primary multi-purpose societies should ordinarily be obtained from the *mandy* trading (purchase and sale or supply and marketing) society, and (2) that the milk producers' unions should normally be responsible for the distribution of milk, some representatives of consumers being nominated by Government to serve these Unions.

Separate societies of consumers of milk distribution may, however, be formed where there is no union of producers where such societies are considered to be essential.

13. This Conference endorses Recommendations 128-133 of the Co-operative Planning Committee regarding urban credit but with respect, to Recommendation 221, considers that surplus funds of urban banks should ordinarily be invested in Provincial and Central Co-operative Banks to enable them to finance co-operative societies. Where such investment is not necessary, the Conference *recommends* that urban banks may be empowered to invest 15 per cent of their surplus funds after providing for fluid resources in such manner as their boards may unanimously decide and in accordance with such terms as the Provincial Government may lay down.

14. The Conference endorses Recommendations 139-144 of the Co-operative Planning Committee in respect of urban housing and *recommends* that, in order to encourage co-operative house-building, Government should, where necessary, acquire land for the purpose and make it over to a co-operative housing society at a favourable price, care being taken to ensure that in case of sale by a member, the society will have the option of repurchase at the original price and that Government should help in making building materials available.

The Conference considers that the problem of rural housing has not so far received the attention it deserves and *recommends* that (*a*) at least one rural housing society should be started in every province as an experimental measure; (*b*) that Government should allot high priority to rural areas in the supply of materials, for the purpose; and (*c*) that Government should acquire land and make it over to a rural housing society for the purpose of building houses, sheds for cattle and storage for grain at favourable rates.

The Conference further *recommends* that Government should provide funds for housing societies at a rate not exceeding ½ per cent above their borrowing rate.

15. This Conference endorses Recommendations 176, 177, 185, 188 relating to life insurance and Recommendations 189 and 191 relating to fire insurance but considers that the details of the financial implications of the proposals should be further looked into.

This Conference endorses Recommendations 192 and 193 relating to cattle insurance and crop insurance respectively and recommends that an officer should be appointed in the first instance by the Government of India to frame a concrete scheme for a limited area, indicating what financial assistance will be needed for the same. The first experiments with cattle insurance may be tried with the cattle of those who have joined a milk union.

This Conference nominates Diwan Bahadur H. L. Kaji as its representative on the Committee to be appointed by the I. C. A. R. for preparing a scheme for cattle insurance.

16. This Conference endorses Recommendations 196—203 of the Co-operative Planning Committee in respect of Administration; and *recommends* that (*a*) audit should be entrusted to a special staff working directly under the Chief Auditor and the Registrar; and (*b*) that societies classified for 3 consecutive years as Class A or B should be encouraged and increasingly left free to manage their own affairs to the maximum extent possible.

17. This Conference has considered Recommendations 207—209 of the Co-operative Planning Committee and recommends that (*a*) a Provincial Co-operative Council should be established in each Province as a deliberative advisory body and the Provincial Government should give it financial assistance to carry out such items of development as may be considered necessary; and (*b*) that the non-official element in the co-operative movement should receive adequate representation on the Executive Committee of the Provincial Co-operative Council.

The Conference recommends that the proposal for the setting up of an All-India Council of Co-operation (Recommendations 210 and 211) be referred to a Committee, which should integrate this proposal with the proposal for combining the Registrars' Conference with the non-official All-India Co-operative Conference and work out the details thereof. The Committee should consist of Sir Pheroze M. Kharegat as Chairman and of Dewan Bahadur H. L. Kaji, Mr. R. G. Saraiya, Mr. T. A. Ramalingam Chettiar, Khan Mohammad Bashir Ahmad Khan, Mr. B. J. Patel, Mr. Deep Narayan Sinha, Mr. Akbar Ali Khan and the Registrars of the U. P., the Punjab, the Bengal, the C. P. and Jodhpur and a representative of the Reserve Bank of India as members.

18. This Conference considers that Recommendations 212 to 234 of the Co-operative Planning Committee relating to Co-operative Law, the proposals made by Orissa in this respect and the amendments to the 1912 Act under consideration by the Government of India, need detailed examination and recommends that these be referred to the Committee constituted under Resolution 17 for the purpose.

19. This Conference endorses Recommendations 236, 237, 239, 240, 242, 243, 244, 245, 248—252, 254, 256, 257, 260 and 261 of the Co-operative Planning Committee relating to education, training and research and recommends that a representative of the Co-operative movement should be appointed on each school text-book selection committee.

20. This Conference endorses Recommendations Nos. 3, 4 and 14 of the Agricultural Finance Sub-Committee relating to adjustment, reduction and compounding of old debts and recommends that where debts due to co-operative societies are adjusted, the amounts that have to be written off should be met in the first instance by the societies and central banks concerned; where they cannot meet such losses without financial embarrassment which would cripple their activities, they should be given financial assistance by Government for the purpose (as in many cases such bad debts are due to crop failures and other such causes beyond the control of the societies and banks).

21. This Conference has considered Recommendations Nos. 22 and 23 of the Agricultural Finance Sub-Committee relating to the formation of Agricultural Credit Corporations and recommends (*a*) that the functions proposed for the Agricultural Credit Corporations should be performed by the Provincial Co-operative Banks which may be reorganised for the purpose if necessary, (*b*) that they should be given the same measure and type of aid by the State as that recommended by the Committee for the Corporations, *i.e.*, the State should contribute a part of the share capital and provide funds to enable the bank to advance loans at low rates of interest and (*c*) that the Provincial Banks should ordinarily make advances to central banks, and in special cases to primary societies, but should not ordinarily lend directly to individual borrowers. If, however, any particular Province or the management of a particular Provincial Bank wishes to experiment with direct loans to individual borrowers it should be free to do so.

22. This Conference endorses Recommendations Nos. 42, 44-47, 49, 50-52, of the Agricultural Finance Sub-Committee relating to Primary Credit Societies, Recommendation 57 relating to Co-operative Land Mortgage Banks and Recommendations 60-62 relating to the regulation of private money-lending and recommends that the Committee appointed under Resolution 17 of the Conference should also examine what amendments are called for in the Reserve Bank of India Act and in the procedure adopted by the Reserve Bank of India in order to enable it to assist the Co-operative Movement to the maximum extent.

23. This Conference considered the note submitted by the Government of Sind regarding the finance of the Co-operative Movement and the rate of interest to the ultimate borrower and is of the view that no separate Recommendations are called for as the points raised therein are already fully covered by other resolutions.

24. This Conference considered the note submitted by the Government of Madras regarding the reorganization of the primary credit unit as "Rural Bank" on limited liability basis and recommends (*a*) that the area of operations of a primary multi-purpose society should ordinarily be the village, (*b*) that in tracts where villages are very small there may be one primary society for more than one village and (*c*) that the area of operations of a *mandi* trading society should cover all the villages from which produce is brought to the *mandi*,

25. This Conference considered the note submitted by the Government of Madras regarding the conversion of District Co-operative Financing Agencies into branches of the Provincial Co-operative Bank in economically backward areas and the assumption by the State of the responsibility for the entire supervision of the movement in such areas and recommends that (*a*) finance may be provided either by branches of the Provincial Banks or by Central Banks as may be more convenient, (*b*) that in economically backward areas, *i.e.*, those subject to periodical famines, floods, etc., Government should give special financial assistance to the financing agencies to meet the bad debts arising from conditions beyond the control of the borrower or may consider the advisability of setting up an Agricultural Credit Corporation for such areas if the co-operative agency cannot flourish in such areas, and (*c*) that Government should make special efforts to increase the income of the cultivators in these backward areas by providing the necessary facilities.

26. This Conference considered the note submitted by the Government of Madras on Land Mortgage Banks and recommends (*a*) that central land mortgage banks should provide finance either through primary land mortgage banks or directly to individuals as may be considered desirable in the light of local circumstances, (*b*) that loans by the central land mortgage banks may be restricted to members of primary multi-purpose societies and may also be given to non-members as local conditions may render advisable, and (*c*) that Government should continue to guarantee the debentures of land mortgage banks.

27. This Conference considered the resolution of the General Policy Sub-Committee on co-operative societies submitted by the Government of Sind and is of the view that no separate recommendations are called far as the points raised therein are already covered by other resolutions.

28. This Conference requests Provincial and State Governments to implement the recommendations and suggestions made by the Co-operative Planning Committee for the promotion of Co-operative Institutions for ex-services personnel (including the I.N.A.) and in particular the organization of land colonies, small scale and cottage industries, construction of public works, multi-purpose societies, motor transport, etc.

This Conference further recommends that the services of ex-servicemen should be fully utilised in the post-war planning and the development of co-operative institutions, bearing in mind (*a*) that ex-servicemen should be settled as near their homes as feasible, (*b*) that wherever practicable they should be absorbed in existing societies instead of trying to start new societies specially for them, and (c) that where they are settled on land, adequate arrangements should be made for housing them and their families.

29. This Conference recognises the need for a uniform year-end in the annual closing of accounts by co-operative societies and recommends that the Provinces and States should adopt some date between 30th June and 31st July (both inclusive for the purpose).

30. This Conference resolves that the suggestions of the Reserve Bank of India for the revision of the statistical statements relating to the Co-operative Movement in India be referred to the Committee constituted under Resolution 17 of the Conference for detailed examination.

The Conference recommends that the Provinces and States may consider the advisability of preparing maps showing the distribution of Co-operative Societies on the lines suggested by the Reserve Bank of India and reviving them once in five years.

31. In view of the continued critical food situation in the country, this Conference recommends that the Central, Provincial and State Governments should (*a*) maintain the prices of agricultural produce at a level which will link them with the prices of the articles the agriculturists need, (*b*) give first preference to the supply of articles the agriculturists need over the supply of the requirements of other interests, and (*c*) co-operate with the agriculturists specially in the harvesting of their produce by closing the various educational institutions to enable boys to take part in harvesting operations.

32. This Conference reiterates its firm conviction that the co-operative method and spirit of organisation are particularly suited among other things for the planning and execution of programmes of development of agriculture and small industries, and urges upon the Central, Provincial and State Governments that co-operators of experience should find a prominent place in the Planning Commissions and Consultative Bodies recommended to be set up by the Advisory Planning Board at the Centre and in the Provinces, and that the "executive authority" suggested by the said Board for rural development in the villages, taluks and districts should be composed largely of workers in co-operative organisations.

SUPPLEMENT

THE SEVENTH ALL-INDIA CO-OPERATIVE CONFERENCE MADRAS, 10th AND 11th MAY 1947

The Special Session of the All-India Co-operative Conference was held at 'Banqueting Hall', Mount Road, Madras, Dewan Bahadur Hiralal L. Kaji, M.A., B.Sc., J.P., I.E.S, (Retd.), presiding to consider the Report of the Co-operative Planning Committee. About two hundred and fifty delegates from all over the country including the Registrars of Co-operative Societies from various Provinces and States; Financial Adviser to the Co-operative Department, the Punjab; two officers of the Reserve Bank of India; the Marketing Adviser to the Government of India; the Economic and Statistical Adviser to the Government of India; Finance Secretary to H. E. H. Nizam's Government; the Ministers to the Government of Madras for Revenue and Public Works; Mr. and Mrs. Walleus of the Swedish Co-operative Wholesale Society; and the Officer of the Resettlement Directorate attended the Conference. The session opened at 10-30 a. m., on Saturday the 10th May, 1947 with prayer in Hindi sung by boy and girl volunteers.

WELCOME ADDRESS

MR. T. A. RAMALINGAM CHETTIAR, B.A., B.L., M.L.A., (Central), President of the Madras Provincial Co-operative Bank, welcoming the gathering, said:

I have great pleasure, on behalf of the Co-operators of Madras, to welcome you here. We are meeting in mid-summer in a city under controls of food and other inconveniences. We have tried to make your stay here comfortable. Credit is due entirely to our indefatigable Secretary, Mr. Viyyanna, for all arrangements made.

This Conference is of great importance as it has to make suggestions for the future of the Co-operative Movement in the country and for settling the immediate programme of the Central and Provincial Governments. In addition to various Committees appointed by the Provincial Governments, the Central Government appointed a Co-operative Planning Committee in January 1945. Out of the 12 members of this Committee only 5 were non-officials and one of them did not attend any of the meetings. I am sorry the non-official co-operators were not more largely represented on the Committee so that their point of view and their experience in the different parts of the country were properly represented. The Committee has dealt with the whole field of Co-operation. The report was released for publication only recently. The Government have convened a Registrars' Conference to consider the recommendations and advise them. The representation of non-official co-operators is necessarily limited in the Registrars' Conference. It is for you to consider the recommendations and also supplement them with your suggestions and give a lead to the Registrars' Conference which is to be held here on the 12th, 13th and 14th immediately following our Conference.

Co-operation is only a method and it can be adopted where the people think they can, by combination, get benefits to improve their economic position. It avoids the evils of, on the one hand, capitalism and on the other, State regimentation. It is a voluntary Movement preserving individual freedom and individual initiative but at the same time requiring loyalty on the part of the members and adherence to strict rules of business. The place of Co-operation in the progress of the country is an important one. In what fields and how the method of Co-operation is to be applied has to be considered without prejudice.

Co-operative societies have been formed for supplying credit for cultivation expenses including the purchase of seeds, manures, cattle feed, etc., the maintenance of the cultivator's family, for the processing and marketing of agricultural produce and for the introduction and expansion of cottage industries. These are intended for the rural parts. In the urban areas, banks for giving credit and building societies for construction of houses have been working. Both the rural and urban societies are financed by the local deposits and by the Central Banks formed for the purpose. Consumers' societies have also been formed for supplying the needs mainly in towns. These societies have not been universally developed in all parts of the country. The progress has been slow. How to speed up the progress and what changes are necessary both to make the work more effective in the fields already covered as well as to extend the Movement to other fields is the problem.

The present financial arrangements have been fairly satisfactory to finance the present activities of the Movement in normal times. The first question raised in Gadgil's Committee (also appointed by the Central Government) was the establishment of a new agency called the "Agricultural Credit Corporation" in each Province with branches in various parts of the Province. That Committee considers it necessary to bring into existence this new agency. I am glad the Registrars of the United Provinces and the Punjab have dealt with this proposal at length in their dissenting minute. It is not necessary for me to add to what they have stated. But I have no doubt that the opinion of the Movement as a whole will be against the proposal.

Our President, Mr. Kaji, has raised the question of the official control of the societies in his dissenting minute. He advocates the restriction of the powers of the departmental officers to the statutory duties. I have no doubt his view will be endorsed by all the workers in the co-operative field. I will only stress the necessity for the separation of the audit staff from the administrative staff and keep the two completely separate. The audit staff should be more efficient and better qualified and should not be placed under the influence or control of the administrative staff. The audit should be carried out periodically at regular and necessary intervals.

There is much talk about the multi-purpose societies. But it is not realised that, from the beginning, those who framed the by-laws of rural

societies contemplated their undertaking multi-purpose activities. There is room under the by-laws for the purchase and supply of seeds, manures, etc., for the purchase and maintenance of implements and machinery for the use of the members and for collecting produce for marketing. If these are worked properly, the purposes, which, those who advocate multi-purpose societies have in view, will be served. When anything has to be done on a large-scale or to serve the area of more than one society there is always room for a federation of societies to serve the common needs. It is as federations we have been organising the processing and marketing societies. There is no need for giving up the advantages of unlimited liability in the pursuit of this idea of multi-purpose societies. In a limited liability society the landless cultivator and the artisan will find it difficult to get accommodation without visible security which they have not got and it is this class of people who require help most.

As Co-operation is a Provincial subject and the Central Government will have much less to do hereafter in relation to it, I do not think there is need for a Central Council or for a costly Central staff. Comparing of notes and exchange of ideas can always be done by periodical conferences. On the other hand, stronger Provincial Councils with larger representation of those working in the field are necessary. I will further advocate that the departments of Agriculture, Cottage Industries and Co-operation should be vested in one Minister and he should be supplied with ample funds to improve these essential services. The planning should be comprehensive and agricultural and cottage industries should be planned together so that agricultural production may be increased and the pressure on land diminished. Supplementary occupations for agriculturists and cottage industries for the spare hands in the villages are necessary to prevent the present waste of part time and whole time labour available in the villages. Cottage industries should be made more efficient and all appliances, simple machinery and power, should be made available to cheapen the cost of hand-made articles and enable them to compete with machine-made articles. The example of Japan can be followed. For this, the help of Government is largely needed. We should on no account fight shy of introducing machinery and power to help the workers in the cottages.

During the War, the co-operative societies have done much commendable work. Stores have been organised in large numbers all over the country to undertake distribution of controlled articles. The future of these stores is one of the matters which we will have to consider.

In Madras, distribution of controlled articles, mainly foodstuffs, was undertaken in a large measure by the stores which existed and those newly organised. Many of the rural credit societies also undertook distribution under a temporary by-law. When it was found that the merchants were resorting to black-marketing on a large-scale, the Government wanted the co-operative societies to undertake the procurement of the foodstuffs. Many of the loan and sale societies and some of the big stores undertook procurement and it was considered that they were carrying out their functions satisfactorily. In some cases procurement of paddy and millets in a whole district was entrusted to the wholesale store established in the district. The wholesale stores in South Kanara and Malabar were specially commended for their work. When a popular Government came and it wanted to entrust the procurement of foodstuffs to co-operative societies the department as well as the non-official co-operative agencies in the district examined the position and competence of societies to undertake the work. It was the official and non-official opinion that only societies which were efficient and satisfactorily managed should undertake this responsibility. In many districts the societies were selected and the area within which they should take the procurement was also settled. The financing agencies after examining their resources agreed to find the necessary finance for these societies. In the meanwhile the Ministry, under the advice of a young I.C.S. Officer, with more enthusiasm than experience decided to establish what are called 'Producers'-cum-Consumers' Societies,' without consulting those working in the co-operative field and without any education or propaganda. They established societies in Malabar and later in the delta districts in the Circars through the Revenue officials. No selection of members was made. The societies were to serve 5 or 6 villages and they were to consist of 2 to 3 thousand members recruited by the Revenue officers at random and large amounts of capital were collected by the Revenue officials in ways familiar to them during the time they collected subscriptions for the War Fund. Boards of management were nominated and secretaries or managers were recruited without any consideration for their qualifications and experience. A barely 20 days' training was given to those secretaries. Considering the emoluments received by the workers in the co-operative societies these secretaries were provided with large salaries. These were all appointed by the Special Officer or by ordinary Revenue officers. Once the controls have been removed and compulsory procurement stopped, what will these societies do with their large membership and larger capital with a costly establishment escaped the attention of the organisers. But the net result of this new organisation was to disturb the working of the co-operative societies which were built up by a large body of enthusiastic co-operators during a long period of self-sacrificing honorary work. The future of these new societies will have to be considered. They cannot be called co-operative societies except in name as they are registered under the Co-operative Societies Act. Even the registration is done by the Revenue agency. Those working in the co-operative field know with what care applications for new societies are scrutinised and what preparation and propaganda precede the registration of the societies. It is a pity that the ex-Premier had no knowledge or experience of co-operative societies nor will he heed the advice and warnings given by those who had such knowledge and experience. I and Mr. B. Venkataratnam, the President of the Provincial Co-operative Union, who subsequently was taken into Mr. Prakasam's Ministry, met him and explained the weakness

of the new societies and how they affected the old societies especially in districts like East Godavari where they were working satisfactorily. The Prime Minister turned a deaf ear to the representations and issued a communique after a few days advising the old societies to get absorbed in the new societies. Co-operators are familiar with the difficulties which a society with a large membership feels in managing its affairs. I am already hearing reports of the defects in the working of some of these societies. Accounts are not kept up to date. Godowns are not satisfactory and they are not insured. Money is said to be in suspense account with the secretary or some director. These are some of the defects pointed out. There is no audit at frequent intervals as there should be, nor inspection by departmental officers. Only last week, it was said that the societies in the Circars newly organised failed in their procurement work and that the Government were forced to rely on the millers and merchants for procurement. It is a great pity that the work of the Co-operative Movement which was developing and extending in all possible directions should be interfered with by this hasty move on the part of the Government without consultation with those working in the Movement. I appeal to the present Government to take competent advice and then proceed on safe and sound lines both with reference to these new societies and the Movement as a whole.

The elimination of all the merchants and millers from procurement work suddenly has upset the financial position of the Provincial and Central Banks to help co-operative societies. Commercial Banks like the Imperial Bank of India disapproved of the policy of the Government. To show its resentment the Imperial Bank of India declined to advance money to the Provincial Bank even on the security of the Central Land Mortgage Bank Debentures which are fully guaranteed by the Madras Government. Thanks to the present Ministry, they came to the help of the Provincial Bank by promptly lending a crore of rupees. Even with this help we are not able to finance the requirements for procurement and for normal work.

Mr. Prakasam in explaining why he decided to start the 'Producers'-cum-Consumers' Societies,' said that the Co-operative Movement has failed because several societies were working at a loss. He ignored the very good work that was being done by so many other societies and the progress made by the Movement in this Province in financing several activities and organising their work. If he really thought that the societies lacked efficiency it should have deterred him from venturing on the big scheme he launched. If societies started after careful examination and with previous preparation did not come up to his standard, could he have seriously thought that the new societies with a large membership recruited at random were going to succeed?

It is not my desire to refer to every recommendation made by the Committee, but it is only to draw your attention to some of the salient points that I have ventured to detain you so long.

I know there will be many shortcomings in the arrangements made for your comfort but I am sure you will make allowances on account of the prevailing difficulties and excuse us.

OPENING ADDRESS

HON'BLE MR. K. CHANDRAMOULI, Minister for Co-operation, Government of Madras, then declaring the Conference open said:

I am grateful to the organisers of this Conference in giving me this opportunity to express some of my ideas regarding the Co-operative Movement and its scope for the betterment of the society.

It may be a matter of pride that Madras is leading in some branches of Co-operative Movement in India. She definitely does so in regard to land-mortgage banks and consumers' societies. There is no doubt that she is one of the foremost amongst Indian Provinces in the Co-operative Movement. Yet when we delve into figures, the miserably inadequate progress made is all too apparent. Although about one-eleventh of agricultural population has directly or indirectly come into the fringes of the rural co-operative agricultural credit societies, it is only 3 per cent or so of the agricultural population of this Presidency that has had some appreciable help from them. The same is true in a more or less varying degrees in regard to all branches of Co-operation in the Province. The contrast is still more glaring in regard to the effect of and benefits received out of the Movement by the urban and semi-urban population.

Our province, in common with most other parts of the country, is a preponderatingly agricultural province. All movements, attempts and efforts—official and un-official—in political and economic fields must take note of the welfare of the rural population whose mainstay is agriculture. Every scheme that ignores cognisance of this aspect is bound to be a miserable failure. Otherwise they have no business to be formulated or put into practice. The socio-economic policy should create a new society without giving rise to disturbances and conflict and should be able to exercise an effective control over the means of production and distribution. Existing disparity between the rich and the poor should be narrowed down to elimination. The basis of all Co-operation in the rural part is agricultural credit society. It is needless at this juncture to go into the details concerning the weakness and drawbacks of these societies. Again, they are too apparent and obvious. The limited activity of their functions is the most striking of all the drawbacks of these institutions. Rightly has it been stressed that these societies should function as rural banks. The word 'bank' has to be used in no narrower or stricter sense of the term. The village credit societies have to be organised on a fairly broad basis and have certain functions in addition to that of short and medium period loans and advances on personal security, immovable property, agricultural produce, jewels, etc. They have also to operate over a group of villages and not over a particular village or two. Then only they would be in possession of adequate funds to have regular offices, pay reasonable salaries

to get an efficient staff and help their clientele effectively. The societies should be developed in such a manner as to enable them to grade and market agricultural produce, purchase and own implements and machinery for the benefit of their members, own, hire and let out godowns to their clientele. The recommendations of the Committee appointed by the Government of India and which reported towards the close of the last year, envisaged the reorganisation of credit societies so that they may serve as a centre for the general economic improvement of its members and should, in particular, (*a*) finance crop production; (*b*) act as agent for the sale of crop to the nearest co-operative marketing organisation; (*c*) supply the farmer's simple needs for crop production like seed, cattle-feed, fertiliser and agricultural implements, and also consumers' goods like cloth, kerosene, salt and matches on indent basis or on the basis of established needs; (*d*) serve as milk-collecting station for the nearest dairy and as a centre for animal first-aid and the maintenance of stud-bulls; (*e*) serve as a centre for maintaining agricultural machinery for the joint use of members; and (*f*) encourage subsidiary occupations for its members.

If societies can undertake these functions, they naturally develop into multi-purpose societies. Such multiple-societies have done good work in Denmark and a number of western countries. The question in India is whether we should not deliberately encourage the development of primary societies into such multi purpose societies. The consensus of informed opinion has been steadily and largely tending to favour such development.

In a country like India, and especially in a province like Madras, the problem of the rural inhabitants has to be kept in the forefront at all times. Our agricultural population is living on the verge of semi-starvation. They have little to eat and not much to do, thanks to fragmentation, uneconomic holdings and great pressure on the soil following increase in population. The development of large-scale industries, situated as we are, is not likely to yield beneficial results for the large masses of the population in the immediate future. The only effective method of keeping the huge masses of our rural population busy, contented and economically self-reliant is by sustaining and fostering the cottage industries of our land. "Industrial co-operation is a workshop or factory owned, managed and run for the profit of those who work for it." "It would be a great boon if in bad weather and winter, the agriculturists had something to do in their homes of a remunerative character as in days of old." (Green on *Rural Industries of England*). Under cottage industries it is better to include such small-scale industries which employ one to five persons. Under such a definition, the principal cottage industries easily comprise, in addition to others, of the following:—

(1) Textiles including Weaving of cotton, silk and woollen fabrics; Duries weaving; Carpet weaving; Hosiery; Dyeing and printing; (2) Leather, including flaying and curing of hides; (3) Oil pressing; (4) Ghee making; (5) Glass; (6) Basket making; (7) Hand-made paper making;

(8) Gur industry with Khandsari Sugar and *Deshi Chini*; (9) Poultry and eggs; (10) Bee-keeping; (11) Horticulture; (12) Fruit Preservation and canning; and (13) Rope making.

These industries are even now in practice in the villages but they are ill-organised, ill-equipped and are in a haphazard and inefficient manner. Guidance, Direction and Co-ordination are marked by their absence. They have little knowledge of the improvements of small scale machinery which could be utilised. Co-operative Movement has done practically nothing so far towards the amelioration of the lot of those engaged in cottage industries. The All-India Spinners' Association and the All-India Village Industries Association have been started under the guidance of that Great Soul and Benefactor of our country, Mahatma Gandhi. These institutions, however, should be strongly aided and supplemented and their experience and advice should be copied and practised wherever they fit in the regular co-operative organisations. There is a five-year plan before the Madras Government for a planned expansion of Cottage Industries Societies. It is not possible on this occasion to say more about this plan. In any case, the need for such plans and for effective and prompt action is too obvious to need any reiteration. The *Gramism* and Gandhian Economics have for one of their principal pillars, the strengthening, supporting and growth of cottage industries.

The problem of cottage industries has been successfully tackled in a number of foreign countries. In fact, that has been the mainstay and hope of a number of Asiatic countries as well. Nym Wales, in her book, *China Builds for Democracy*, has shown how and in what manner China has been able to put her cottage industries to the best use during the period of travails, trouble and war with Japan. What is Indusco, which has been so much talked about in China and other places? It is nothing but industrial Co-operatives, mainly, if not wholly, run for the benefit of small scale and cottage industries. Nym Wales, the author referred to, holds that "it is the carefully considered opinion of Chinese industrial experts and a number of American and British observers that the industrial co-operatives can provide not only the best but the most feasible form of industry for China in the future as at present". The great value of the Chinese Indusco Movement to India has been stressed by the great leader of the present Indian Government, Pandit Jawaharlal Nehru, in his foreword to Nym Wales's book. He holds:

"India, like China, has enormous man-power, vast unemployment and under-employment. It is no-good comparing with the eight little countries of Europe which gradually became industrialized with small and growing populations. Any scheme which involves the wastage of our labour power or which throws people out of employment is bad. From the purely economic point of view, even apart from the human aspect, it may be more profitable to use more labour power and less specialized machinery. It is better to find employment for large numbers of people at a low income level than to keep most of them unemployed. It is possible also that the total wealth produced by a large number of cottage industries might be greater than that of some other factories producing the ame kind of goods".

Some economists, blinded by the lustre of large-scale factories have been holding and propagating the opinion that the small-scale industries have no future and the world, is all for mammoth enterprises and gigantic plans. In any case, Switzerland, Germany, Russia and Japan's industrial history does not lend any support to such a view. In Switzerland, even watches are made with their delicate mechanism on cottage industry basis. "A noteworthy feature of Rural Industries in Switzerland is that they have organised themselves on the commercial side into a Trading Corporation known as Kaufarbunda with branches at several places." "The Banks lend money to the artisans on invoices, labour bills, etc." Prof. Allen, in his book *Japanese Industry*, while commenting on the small-scale industries of Japan, writes thus: "We may conclude that the predominance of the small technical unit in many of Japan's industries is not an indication of the economic weakness of the country, but that it represents an appropriate adaptation of industrial methods to the economic conditions existing there . . . In that country, capital is relatively scarce and dear, while industrial labour is relatively plentiful and cheap." The same is true of India.

The essence of *Gramism* or Villagism, which has been propagated by Mahatma Gandhi and his disciples seeks to build the economic life of the country by developing strong self-reliant village units, "the members of which will be bound together by mutual obligations and will co-operate with each other to make the units prosperous and self-sufficient for all their essential needs.". No better movement could be envisaged than the Co-operative Movement for such a purpose. After all, what is Co-operation? The quintessence of it is the abandonment of the unnecessary and wasteful competition in distribution and production, the elimination of middlemen, and the securing by groups and individuals by joint efforts the betterment of their common economic goals. The intrinsic and ulterior motive of Co-operation is Peace, Prosperity and Happiness of the country so that every citizen may lead a peaceful, plenty and happy life and be capable of conscientiously and properly following his *Dharma*. The moral and ethical value of the Movement, especially for our people, steeped in ignorance and lack of business qualities, is of undoubted blessing. For the political and economic regeneration of our country, as well as for the development of co-operative concept and practice, the lack of education is a great stumbling block. The Saraiya Committee has rightly pointed out that "the inadequate and uneven progress made by the Co-operative Movement in India is largely due, among other things, to the lack of general education among those whom it seeks to serve. If the Co-operative Movement is to develop on a sound basis and to expand in deverse directions, it is necessary not only to spread, in general, education but also to make members of societies conversant with the principles and practice of Co-operation". It should be the bounden duty of every Indian first and foremost to wipe out this blot and the stigma which is the greatest handicap and potent hindrance to the progress and well-being of our people and the country. Eradicate it, then most of our worries are rectified and ills are cured.

I am confident that this Conference will give a lead to the future working of the Movement in the light of the past experiences of this province and India and enable the people to stand on their own legs and lead a better, contented, prosperous and peaceful life.

I thank you once more for giving me this opportunity and wish the Conference all success.

PRESIDENTIAL ADDRESS

DEWAN BAHADUR HIRALAL L. KAJI, M.A., B.Sc., J.P., I.E.S., (RETD.), President, the All-India Co-operative Institutes' Association and the Indian Provincial Co-operative Banks' Association delivered the following address:

We meet to-day in Special Sessions, as per the resolution of the Lucknow Conference, to consider carefully the report of the Co-operative Planning Committee appointed by the Government of India in 1945. We had hoped, to meet in Hyderabad, the picturesque and glamorous capital of His Exalted Highness the Nizam's Dominions, but we meet instead in Madras. Our official friends, the Registrars, are meeting here in Conference in the next two days for an identical purpose and we could not resist the opportunity of having them with us and of being with them, when Co-operation is entering upon a new phase. The Maclagan Committee, of which Sir Lallubhai Samaldas, our first President was a member, considered the Co-operative Movement in all its bearings and laid down in 1915 the lines of co-operative development in India. Fifteen years thereafter, in 1930, the Central Banking Enquiry Committee, of which the Honourable Mr. V Ramadas Pantulu, our second President, was a member, reviewed Co-operative Credit and Banking. Fifteen years thereafter, in 1945, the Co-operative Planning Committee, of which I have had the honour of being a member, brings out its report suggesting the expansion, diversification, and re-orientation of the Co-operative Movement. The report is a large and compendious volume, and if we attempted to consider the very large number of its conclusions and recommendations, in two days, we would have to make at Madras a mad rush at them, which is not the proper thing to do. We must content ourselves with its plans and projects, with its principles aud policies, and leave the details to Provincial Governments, Conferences and Meetings.

A STAGE OF TRANSITION.

As a preliminary, it is useful and very necessary to examine the report in its correct setting, political and economic. India is on the eve of its political emancipation; it is on the threshold of freedom; the bondage of ages is about to be completely shaken off; an Interim Government formed

of front rank national leaders is functioning; the Constituent Assembly is evolving the constitution of a New India; the last of the Viceroys is busy arranging for the transfer of power to Indian people not later than June, 1948. We are passing through a transition stage and all transitions are painful. The easy peace and security under the iron heel of the master and the mentor are gone; the new life, buoyant and boisterous, clamant and clangorous, is bubbling out with exuberance and communal clashes mar the serenity and tranquillity of the transition. The village patil and his wife quarrelled before purchasing a buffalo over the distribution among their respective relations of butter-millk. Shamsuddin and Nurruddin, in the *Arabian Nights Tales*, quarrelled, before the birth of their children, before even their own weddings, over the dowry. And our communities are quarrelling before freedom has come, over what each should get and do, over how that freedom should be shared by each. The issue is Sovereign States and a weak Centre *versus* Autonomous States and a strong Centre. With the higher international status that India already enjoys, with the acceptance of India as the nerve Centre of the Asiatic and Indian Ocean Countries, at the recent Asian Relations' Conference, the need for a strong centre in our foreign relations is but too obvious; and with the great diversity of climate, customs and creeds of the Indian sub-continent, autonomy to the smaller sub-regions is equally obvious and the emergence of a strong United States of India appears to be the only solution; and we can but pray that June 1948 will see India started on her destiny as a great cementing force of culture and civilisation on a career of peace, progress and plenty, with its heavy and key industries making strident marches, with its foreign trade brisk and vigorous, with its urban population standing abreast of the world and holding its own with other peoples and with its vast rural masses being emancipated from the crushing and benumbing burden of indebtedness by the rapid conversion of agriculture from a deficit into a surplus economy.

CONTROL REGIME.

The economic setting in which the report comes to us, is also peculiar and complex. The regime of economic controls, born during the War, is still with us. Decontrolling has not yet begun. The high prices following upon shortage, control and inflation still soar at bewildering heights. The working classes, in spite of, or perhaps because of, increasing dearness allowances, disorganise life in cities and towns by strikes; their collective bargaining tends to become collective domineering by disorganisation. The blackmarketeer, the *pagri* (premium) crazy landlord, the corrupt official—pests of society—find congenial soil to flourish and prosper. Food shortage, strange to an agricultural land like India, is a constant menace. During the War, India could, without rationing, feed its own population and could feed its own and allied armies at home and abroad. And, to-day, with the armies gone and going, its population reduced if at all, because of the War and famine casualties but certainly not increased, the position as regards food remains as bad if not worse than before. Why, we cannot understand. Crops fail here and there; the rains hold off or locusts ravage, or frost destroys or floods inundate. This has happened not now only but through the ages. The Grow More Food Campaign undertaken by Provincial administrations has resulted in a reduction in the money crops grown; it is true; it has led to a shortage of important cattle foods like cotton seeds and groundnuts; it has led to a little increase in the area under food crops; but the procurement statistics do not show any increased supplies available. Whether the obduracy of surplus provinces accentuates the difficulties of the deficit provinces; whether faulty procurement and storing are responsible, whether rationing has stimulated adroit black-marketing—who can say? Consumers pay high prices, and get bad quality and yet the agricultural producer complains that he is not paid sufficiently well. In the procurement and distribution organisation of the Government, the Co-operative Movement has offered its services. We are glad that Governments have accepted the idea and laid down a policy of preferring co-operative agencies. But it is sad to relate that in practice we are held to be inefficient and private agencies and syndicates are preferred. If co-operative organisations are inefficient, why not make them efficient by effective subsidies towards the expenses of better management? They are of the people and work for the people; they are not black-marketeers; they are not exploiters; they come from the class of the exploited. If forty-three years of Government regimentation and control has not made them efficient enough, the less said about the control and supervision, the better.

It is true that the Central and Provincial Governments to day are earnest about bringing about rural betterment. Their genuine sympathy and desire cannot be questioned. And yet, their pre-occupations are great and leave them, I am afraid, but little time and leisure to study, plan and execute programmes for village improvement, on a scale and in a manner that may spell success. The industrialists are more vocal; the foreign problems are more insistent; the communal puzzles are more clamant and the villager still largely remains where he was. We may be impatient; schemes take time to mature, but the pace at which we seem to be going on the path of village uplift is painfully slow. Committees and sub-committees take time. A vigorous policy towards the objective should be adopted; even if mistakes are made, they can be corrected; but if we wait for examinations, researches and reports of commissions, committees and boards, I am afraid, but little will be done. A bold decision will, I am hopeful, take us a long way on our path.

THE REPORT.

The Report of the Co-operative Planning Committee is now before us. It is a large and compendious volume; there is nothing particularly striking or original in it. It is a study and a plan for co-operative development and expansion in all conceivable directions. Agricultural production and joint farming, forests, fruits and vegetables, consolidation of holdings and irrigation are there; animal husbandry, milk and fisheries are there too;

marketing and small-scale industries receive attention; labour comes in; consumers' stores, urban credit and housing receive consideration; health and better-living, transport and insurance come in too and women are not forgotten. In all these cases, speaking generally, the position in other countries of the world is noted; even small countries like Finland and Palestine are not lost sight of. The position in the different provinces and States of India next comes in for examination and suggestions are made for development. If England has consumers' stores, why not we? If U.S.A. has developed a marketing organisation, so can we. If Italy has labour contract societies, so should we. If Germany reared up co-operative organisations for agricultural finance both for short and long-terms, so have we. The examples of other countries have been the stimulus to urge similar developments in India. There is nothing wrong in this—the desire to profit by the experiences and experiments of others. But, in one respect, the report has not chosen to recommend what all other countries have—the de-officialisation of the Co-operative Movement, but advocate, on the other hand, greater assistance, by the State, greater officialisation and greater control. In the recommendations, we observe the more or less uniform suggestion of village units, taluka and district organisations, provincial federations and possibly an All-India Association.

LACK OF PUBLICITY.

The merit of the report lies in its comprehensiveness; its defect lies in its lack of differential emphasis in directions and on types which call for priority. It is apparently impossible for any Government, however national and sincerely anxious for village uplift, to take up all the types advocated and suggested at the same time. Financial difficulties and lack of effective and efficient man power will always demand marking out the priorities so that a programme or plan could be adopted and worked out in stages and in proper sequence.

It is very strange that though the report has been before the public for several months, it has not received that amount of public notice, reviews and criticisms which it should have evoked. The Press, too hard pressed, perhaps by insistent political news, and compressed by the inadequacy of newsprint quotas, has apparently not been impressed with the great importance of co-operative developments in national economy; and the public, depressed at the riotous exhibition of disharmony, has not chosen to express what they feel and think about the depressed masses of India whose needs should call forth urgent efforts through Co-operation and otherwise. Co-operation needs publicity like anything else in the world and it is a pity that Co-operative Departments and institutions have no publicity organisation except perhaps in the United Provinces where there is a Publicity Officer attached to the Co-operative Department at Lucknow. This is an age of publicity. Various people, big and small, arrange for Press conferences and interviews; but we have so far chosen to remain in the back-ground and even our Conferences from the Taluka to the All-India

Conference are not as well publicised as they should be. Radio stations broadcast talks on a multitude of subjects, but Co-operation is generally ignored or neglected. It is high time that we ourselves realised the importance and need for effective propaganda through publicity so as to enlist a greater volume of public support for the village masses from the urban classes, and for that purpose, organised publicity for the Co-operative Movement. The co-operative institutes are obviously the proper agencies for the purpose, their chief functions being education and propaganda; and it is up to Governments—Central and Provincial—to make grants adequate enough for the purpose.

THE TWO CONFERENCES.

The Government of India has not so far expressed any opinion on the report and has not so far issued any resolution thereon. Apparently and rightly too, Government is probably waiting to get the considered opinion of co-operators through their Conferences on the various suggestions and recommendations of the Co-operative Planning Committee. I hope, Provincial Governments will not further seek the considered opinions of their Co-operative Departments and co-operative workers through Provincial Conferences. Much time has already passed since the report was submitted to Government and I earnestly hope that Government will take rapid action now and no longer countenance further delay. A definite programme should now be drawn up and a start should be made as early as possible. Attempts at perfection by confabulations and consultations, conferences and references, are now out of place and we trust the deliberations of our Conference and of the Registrars' Conference will be followed soon by action to implement the accepted programme.

This brings me to the question of our two Conferences. The Registrars of Co-operative Societies in the various Provinces and States have been meeting once in about three years and their Fifteenth Conference will be held on the 12th May and two subsequent days. At these Conferences it is customary for each Registrar to take with him about two or three co-operative workers, officials or non-officials, and for the Central Government itself to invite a few co-operators. Since the formation of the All-India Associations of Co-operative Institutes and Provincial Co-operative Banks in 1930, All-India Co-operative Conferences are also being held also once in about three years, so that the present is the 7th All-India Conference. At these Conferences, Provincial Co-operative Institutes and Provincial Co-operative Banks are invited to send representatives and the Registrars of the various Provinces and States are invited to attend. Both these Conferences, therefore, are composed of government officers of the Co-operative Department and office-bearers of co-operative organisations. It is true that at the Registrars' Conferences, co-operative officials are more in evidence; while at the All-India Conferences, co-operative workers are more in evidence; but it is more or less the same set of people. Obviously, therefore, it is

useless and wasteful duplication of time, money and effort to have two conferences, where more or less the same set of people gather together for the discussion and consideration of problems and policies of the same Movement, and I earnestly make a plea for their amalgamation. Co-operation is no longer a Central subject and in the free India of tomorrow is definitely going to remain a Provincial subject. Besides, Co-operation to-day is after all but a State policy. It must now at least be transformed into a Movement of the people, by the people, for the people. Co-operators from all over India must gather together periodically for exchange of views and formulation of policies and at these Conferences, officials and non-officials must work together for the common cause. The Movement is after all for the people and the officials cannot stand aloof; the Movement is and has to be vigorously assisted by the State and the non-officials cannot ignore the officials. Both officials and non-officials must co-operate heartily and try to understand their respective points of view. The Registrars' Conference, therefore, having served its purpose in the past, appears to me to be no longer necessary in the new order of things and the All-India Co-operative Conference must take the field. Of course, the All-India Associations must so change the constitution of the Conference as to make if fully representative of all aspects of the Co-operative Movement in India, where the administrators and workers can meet on a footing of equality and arrive at reasoned conclusions. Such an All-India Co-operative Conference need not meet every year. Once in three years would be enough and the Standing or the Executive Committee of the Conference or of the Association can meet much more frequently and carry on the work during the period between successive Conferences.

THE VOLUNTARY PRINCIPLE.

Let us now examine the major indications and implications of the Report of the Co-operative Planning Committee.

I am glad that the Committee endorses the plea for the continued recognition of the voluntary principle governing the membership of a co-operative society, and lays down that no one should be compelled to join a society. A contradiction has been sometimes felt between planning and the voluntary principle of Co-operation. But planning need not necessarily be by compulsion. Planning by attraction, by inducement, by denial of concessions, make planning by compulsion unnecessary. Though the Report of the Committee is clear on this point, I am afraid, officials, generally speaking, seem to me to be favourably inclined to resort to compulsion and Government might also feel inclined to lend their support to compulsion as an easy alternative to planning by persuasions, propaganda and privileges.

But I would like to reiterate here what I said in my Minute of Dissent to the report. "Compulsion and regimentation may be in a large measure the necessary accompaniments of economic planning ; but they are not and cannot be the attributes of Co-operation. The societies or associations formed under compulsion may be very necessary in the interests of economic development ; but they would be State agencies and cannot be camouflaged as co-operative organisations". I do hope devoutly that the voluntary character of the Co-operative Movement will be sedulously preserved in the plans and programmes of development that may be decided upon.

PROGRESSIVE DE-OFFICIALISATION.

The report very rightly lays down that the village co-operative society is a useful instrument of the economic development of the village and very rightly recommends, in no uncertain terms, the transformation of the primary credit societies into multi-purpose societies. The idea of one village-one society-is perfectly sound, and yet the report goes on in its various chapters recommending the formation of many more other societies in and for the village. Without popular initiative, leadership and management ultimately, Co-operation is bound to fail. As it is, it is indeed difficult to secure for even a small primary credit society efficient village workers and it is clearly impossible to secure sufficient and efficient workers for so many other societies for the same area. The Committee, however, envisages greater assistance by the State, greater officialisation and greater control. It is this aspect of the Committee's recommendations, to which I take strong exception, and in my Minute of Dissent, I have advocated what is my considered opinion that while State assistance and supervision could be excellent aids in the training up of the co-operators, perpetual tutelage is entirely foreign to co-operative ideology. State sponsoring and State control should be but meant for training and not for perpetual tutelage. The whole point of view in connection with the Co-operative Movement needs revision. It can never possibly be conceived as necessary that co-operative societies should grow vastly in number, membership and capital and cover in course of time a large part of the population of the country and yet remain all the time under the full control of the State and its officials. This cannot be. New societies come in ; older societies pass out from the orbit of State control, as new students enter the University and the older students pass out on graduation. Forty-three years of a controlled regime in an essentially democratic and popular Movement and the failure to achieve success to any appreciable extent should be enough to suggest that the solution lies not in the further tightening of the control and in the appointment of ever more and more officials but in the de-controlling of the Movement. Expansion and diversification would need greater control but unless this greater control is associated with a definite policy of progressive de-officialisation, success seems to be extremely doubtful.

POST-ORGANISATION COMPLACENCY.

One great weakness that I have perceived in the working of the Co-operative Movement consists in our post-organisation complacency. Once a society is organised, no one bothers much about working it to

success. Organisers march on to fresh organisations, office-bearers have not much personal incentive to goad them to regular and sustained intensive work and the society languishes and drags on. A few prods from the higher departmental officials might bring about temporary awakening ; but solid success holds off. Who is there to gradually transform a mere loan giving agency formed of loan hunters in the village into a genuine co-operative organisation ? Who is there to look after and insist on the productive use of the loans apart from the productive purpose stated in the loan applications? We create shells but these remain lifeless without the infusion of any soul therein. Propaganda, departmental or otherwise, creates marketing societies and industrial societies. Suitable by-laws, correct book-keeping and exhortations, however, do not spell success. An efficient staff becomes essential. Herein lies our weakness. With the small capital and small scale of co-operative societies, suitable salaries cannot be offered and we have to prefer cheapness to efficiency in our selection of men for the key posts. The Registrars and their officers are often not in touch with the scale of remuneration suitable for commercial enterprises and high emoluments are not readily sanctioned. If Co-operation has to succeed, it must be able to compete with competitive business run on proprietory or joint-stock capitalistic basis and cheese-paring in the emoluments of the key-men in business societies would be a spoke in the wheel of success. Even if this hurdle is negotiated successfully, in these new directions—business, trade and industry—which Co-operation seeks now to enter, departmental control and direction are most harmful. Registrars, however able and conscientious, cannot possibly be experts in marketing and in industrial production and at best they would act as brakes to faulty acceleration by enthusiasts in charge. Assuming that, with the appointment of specially trained officers, not theorists but men hardened by experience and knowledge of business conditions and methods, this difficulty also is surmounted, there is yet another danger. A marketing society is both a purchase and sale organisation and in these days of controlled regime, when food grains and various other items of agricultural produce are controlled and rationed, what can a marketing society purchase and to whom it is to sell ? The absence of an open market leaves very little scope for marketing societies to develop unless under the wings of the Government, which might release outlets here and there, and now and then for the benefit of such societies. An industrial society must be a production and sale society. Merely producing some manufactured articles is not enough ; the products must be sold at fairly remunerative prices in competition with mill-made articles. If we sit content with starting a few hundreds of industrial societies and arranging for their finance and general guidance through district and provincial organisations, as unfortunately we often do, the net result is bound to be failure. Unless a sales organisation is promoted and unless tariff protection is also forthcoming as and as much as necessary, the present drive towards Industrial Co-operation will not bear the fruit which we so earnestly desire. The analogy with the Chinese Induscos is false and misleading. Born under War-time conditions, when they met the requirements of armies and civil populations, practically isolated and cut off from all outside sources of supply, the Induscos succeeded. But the conditions under which the Indian Induscos will have to work are fundamentally different, and unless the remunerative sale of the finished articles is properly arranged for, and unless efficiency in production is made certain, the experiments of the Indusco might, I am afraid, land us into trouble.

Increased Control.

Further the Registrar's control and increasing officialisation constitute a very serious danger which has, to my mind, been one of the basic reasons for the want of success that has dogged our footsteps in the co-operative field. There is a great sense of irresponsibility among the members of the Board of Directors or of the committee of management. They do not develop initiative ; they do not feel the urge ; with the lack of a financial stake, they have not the spur and an identification of interests which could lead to the intense pursuit of success of the institution. In a proprietory concern, the proprietor sinks or swims with it ; in a joint-stock concern, the managing agents or the managing directors have a large holding and also more or less sink or swim with it ; in a co-operative concern, which one of the management suffers badly if it sinks? None, I am afraid. The Manager, the Chairman and the Directors, if adequately paid and remunerated might put heart into their work ; but when the Registrar or his representative peeps round the corner almost at each step, when any urgent and bold step cannot be taken without the approval of the Registrar involving a loss of time, initiative cannot develop and the concern hangs on to the Registrar and the management is tempted to remain on the safe side of the department. I have no quarrel with those who advocate increased Government control. All I am insistent about, is the result. The result so far has been poor. With increased departmental control and decreased responsibility of the management, the result, I am afraid, is not going to be any better. If Co-operation is to succeed, it must not be tied up to the apron strings of the Registrar, who, however able and conscientious, cannot possibly be an expert in Agriculture, Banking, Marketing, Industries and so many other sectors of the economic life of the country as also in Administration. If the Government were to assume responsibility for particularly important and big societies, I have nothing to say. I would in a way welcome it. It is the present half-hearted way which prevents popular initiative and deadens the sense of popular responsibility and which gives to the department powers of control without the responsibility for the result. It is the present policy of making the society a semi or a pseudo-Government institution that has largely contributed to the poor results so far achieved. To-day there is not enough control for the State to hold itself responsible ; there is not enough latitude for popular initiative. People assume that a co-operative society is a sort of a Government institution and

yet it is not. It is high time that the State shook off this half-hearted policy and either assumed entire control and responsibility or gradually restored to the Movement the popular character it lacks.

All-India Council of Co-operation.

For the formulation of the co-operative policies and programmes from time to time and for co-ordination of efforts the Committee has recommended the setting up of an All-India Council of Co-operation. I warmly welcome the idea underlying this recommendation. A fully representative all-India body is certainly necessary. But it is extremely doubtful, if the Central Government in the India of to-morrow will have anything to do with Co-operation, which will very probably be entirely a Provincial subject. In that case, an All-India Council cannot be set up, as proposed, by the State. Besides, as I pointed out in my address to the Lucknow Conference, an All-India Co-operative Council should be a body where co-operators, responsible heads of big co-operative organisations and responsible heads of Co-operative Departments—the Registrars, must meet on equal terms. A Council of Ministers and Registrars, with a sprinkling of co-operators, cannot be the All-India Co-operative Council—it would be a strange misnomer ! I suggest that its place can be very appropriately taken by the All-India Associations, which must so revise their constitutions as to evolve one All-India Association, the membership of which will be open to the representatives of all the various interests—official and non-official—and which will be financially assisted not only by the Provincial Co-operative Institutions but also by Provincial Governments, so as to enable it to function properly and efficiently. The proposed All-India Council is entrusted also with the establishment and control of the proposed Co-operative Institute of Advanced Studies and Research. I do not propose to present to you a detailed plan or scheme. If, however, my plea about the substitution of the proposed All-India Council of Co-operation by the All-India Co-operative Association with a revised constitution meets with favour, I would suggest the appointment by the Conference of a very small Committee which may prepare a suitable scheme for this purpose as also for the amalgamation of the two Conferences and after discussions and consultations with Government arrive at conclusions acceptable to all in the interests of the Co-operative Movement.

Agricultural Finance.

Among the subjects that call for close and urgent attention to my mind are those connected with *marketing*, *small-scale industries* and *education*. Agricultural finance, however, cannot be ignored ; for after all, for all these 43 years, we have been concerned with the co-operative organisation of agricultural credit and we have built up a very imposing structure of primary credit societies, with their taluka or district central financing agencies and the Provincial Co-operative Banks. At the last Conference held at Lucknow the question of setting up agricultural credit corporations, as recommended by the Agricultural Finance Sub-Committee, was considered and the Conference came to the conclusion, that such a new credit agency side by side by the old one, was not necessary and might only lead to confusion and inefficiency. To serve the needs of all credit-worthy agricultural borrowers who were outside the Co-operative Movement to-day, the Conference was of opinion that co-operative credit organisations should be enlarged and extended and should receive sufficient aid to secure efficiency of administration and sufficiency of funds. You will have noticed, that the Co-operative Planning Committee also endorses the same view and that there is a special Minute of Dissent by two members, Messrs. Siddiq Hasan and Bhide, who explain in detail the reasons why the basic recommendations of the Gadgil Committee are not acceptable. I am glad to be able to tell you, that in Bombay the question was considered by the representatives of the District and Provincial Co-operative Banks, who came to the same conclusion. The Government of Bombay have appointed a Committee to suggest in what manner the existing co-operative organisations should be extended and assisted in order to achieve the same objects as the agricultural credit corporation. I do not think it is necessary therefore to say anything more on the subject at this session. I can only hope, that as a result of the Gadgil Committee's analysis and examination of agricultural finance, our co-operative credit organisation will emerge revitalised and strengthened, so as to enable them to perform their functions satisfactorily for all agricultural credit-worthy borrowers.

Co-operative Marketing.

The development of co-operative marketing of agricultural produce is, to my mind, a matter of urgent and transcendental importance. While all improvements and aids to agricultural production are not only welcome but are essential in the interests of self-sufficiency in the matter of food grains and the Grow More Food Campaign, and while therefore all earnest efforts for the supply of better seeds and better manure, better irrigation and better tools and implements and for bunding and for consolidation of holdings are to be very much appreciated and furthered, and while even experiments in joint farming in the restricted sense recommended in the report may fruitfully be made, I pin my faith most on the proper organisation and speedy development of co-operative marketing for immediate benefits to the agriculturists. Co-operative credit, by providing cheap finance and making a little saving in the interest to be paid to the creditor, can be but little beneficial to the needy and ignorant agriculturist who is exploited on all sides and not only in financial transactions. Co-operative marketing, when properly organised, co-ordinated and developed, would make available to the agriculturist, at cheaper rates, supplies not only of agricultural requisites but of household goods, and withal, sell his produce at better rates. Linked with co-operative credit, marketing would provide cheap finance, cheap supply and greater realisation on sale, leaving thus a wider margin of gain which possibly would bridge the gulf between the deficit

economy in agriculture of to-day and the surplus economy we hope for tomorrow. Indeed to my mind the importance of co-operative marketing is so great that I feel that if we had devoted ourselves to marketing instead of to credit for the last forty-three years, the result would have been different and the village *sowcar* or the *Mahajan* would have been ousted from the field, his moneylending for crop production and marketing, his retail shop-keeping and his buying up the produce—all having been absorbed by the co-operative marketing society, which would have been able to function as a sale society and also indirectly as a credit society, and a village co-operative store. The Government of India have been concerning themselves for very many years with the agricultural marketing and have a fairly large staff working at headquarters and also in the various provinces. What this staff is doing, it is hard to say ; but I beg to ask whether the time has not come to take a large part of this staff away from the researches, and report writing, which are often so belated that when their reports on one particular class of commodities get ready, they have largely a mere historic interest, for facts have moved more speedily than findings. I beg to ask whether the time has not come to put this staff to active work for the organisation and development of co-operative marketing. Multi-purpose societies in villages, taluka and district purchase and sale unions, sale societies and marketing federations can but feebly function in these days of control; but even with free movement, they cannot be effective unless their work is well co-ordinated and unless all these organisations are attached one to the other to form an organic whole. We hear a great deal of loose talk about marketing. Co-operative banks are told that it is to their interests to give loans in kind and to undertake the sale of the produce of members. So a banking institution seeks now to grow into a sort of a rival of the sale institution. The bank seeks to purchase and sale ; and seeks to advance loans for crop finance and marketing finance. In all countries of the world, an important lesson has been learnt about not mixing up banking with business or trade. Even joint-stock banks are not permitted to indulge in commerce, and yet co-operative banks, tinier and less efficient, are seeking to add marketing to their functions. Let banks steer clear and let marketing societies take up the field and co-ordination between these two will bring about the success that we long for. When finance from the banks and purchase and sale by the marketing societies are linked closely and definitely, the picture will definitely be different and the spectre of failures and overdues that has so darkened our horizon will vanish into thin air. I devoutly trust that Governments—Central and Provincial—will give effect to the recommendations of the Planning Committee in this connection at an early date.

Small-scale Industries.

Equally important for the reconstruction of the rural economy of India is the resuscitation, strengthening and promoting of cottage industries. So far as the agriculturist is concerned, subsidiary occupations affect him infinitely more closely. Agriculture being at present a eight-or nine-months' job, it is commonsense to so increase irrigation facilities and to so improve dry farming methods as to make it a full twelve-months' job and till agriculture becomes so intensive, to provide and facilitate subsidiary occupations for the agriculturist which might bring him some much-needed additional income. Industrial Co-operation is a matter of finance, supply, production and sale. The Regional Promotional Agencies advocated in the report would be admirable for bringing into existence a large number of industrial societies. But for the success of these societies, supply and sale are very important factors also. To buy cheap and sell dear is the gist of trade and it would be infinitely better, more economic and more conducive to greater efficiency if the marketing organisations were entrusted with these functions. To evolve separate organisations for the rural industries, including therein subsidiary and secondary industries for the agriculturist, particularly in the district and the Provincial head-quarters is to invite unnecessary duplication. No separate financial or purchase and sale organisations should be countenanced for agricultural and industrial producers and efforts should be concentrated on evolving strong and efficient institutions at the district and Provincial headquarters for the performance of these functions for all co-operators.

Education and Training.

One other item of outstanding importance urgently demanding attention is that of Education, Training and Research. The Committee's recommendations in this respect command our acceptance in general. Adult education, as distinguished from adult literacy, education in co-operative ideology, methods and achievements in schools, colleges and universities, the establishment of Provincial Colleges and an All-India Research Institute, leave but little for criticism or comment except in one important particular, *viz.*, that Co-operative education and training should be entrusted to a non-official organisation like the Co-operative Institute and should not be officialised. I understand, Provincial Governments have already begun taking action and I am glad to be able to tell you that Bombay is placing the Provincial Co-operative College under the Provincial Co-operative Institute. I have no doubt other Provinces will be following suit not only in the establishment of colleges and schools but also in giving to these institutions a non-official flavour, which after all is the breath of life to true co-operators.

A Co-operative Party.

One thing more and I have done. Co-operators have become and are becoming more class conscious, and they demand a voice in the shaping of the country's policies. At the Lucknow Session there was actually tabled a resolution about the need for a Co-operative Party, to contest elections and to send representatives to the Legislatures. To-day it is the Congress

and the Muslim League that hold the field, but when freedom becomes a reality, these parties will not have much meaning and new parties will come into being. What is then more natural in a vast country like India with 90 per cent of the population in villages and served more or less by the Co-operative Movement than for co-operators to form a Party, not only as advocates of the co-operative creed and methods, like the Socialists do for Socialism, but also as true representatives of the economic interests of rural India whose betterment and uplift has been their creed, occupation and obsession. But while in theory, therefore, I fully endorse the need for a Co-operative Party, I do not know how far in actual practice it will be possible for us to form one. Political parties require funds to run elections and co-operators are generally poor; and yet, where there is a will, there is a way.

Brother Co-operators, I have trespassed upon your patience far too long and I crave your indulgence. The occasion is peculiarly important; the policies that are now adopted, the decisions that are now taken, the programmes that are now constructed will probably hold the field for years to come and it behoves us to devote very careful attention to the facts and findings of the Co-operative Planning Committee and arrive at reasoned conclusions.

Khan Mohammad Bashir Ahmad Khan, Honorary Secretary of the All-India Co-operative Associations, read out the messages received. Amongst them were those from the Governor and Deputy Governor of the Reserve Bank of India; the Hon'ble Premier, United Provinces; the Hon'ble Minister for Co-operation, Credit and Relief, Bengal; the Hon'ble Minister for Finance, Noth-West Frontier Provinces; Sri Vaikunth L. Mehta, Minister for Co-operation and Finance Government of Bombay; Sir V. T. Krishnamachari, Prime Minister of Jaipur State; the Hon'ble Minister of Development and Transport, Bihar; Chief Minister of Kapurthala State; Sir Mirza Ismail, Prime Minister, Hyderabad (Deccan); the Hon'ble Member for Co-operation and Labour, Government of Baroda; the Hon'ble Minister for Law, Development, Commerce and Labour, Government of Orissa; Dewan Bahadur K. V. Brahma; Diwan, Pudukkottah State; the Prime Minister, Patiala State; Mr. E. G. Cooray, Registrar of Co-operative Societies, Ceylon.

Mr. R. G. Saraiya, Chairman of the Co-operative Planning Committee, in proposing a vote of thanks to the Hon'ble Mr. K. Chandramouli, Minister for Co-operation, who opened the Conference, complimented the Hon'ble Minister for the instructive and lucid address which he delivered in inaugurating the Conference. He also thanked the other Ministers of the Madras Government for the keen interest that they were evincing in the Co-operative Movement and also for being present at the opening session of the Conference. Mr. Saraiya then paid a tribute to the late Mr. Wajahat Hussain, Deputy Governor of the Reserve Bank of India, who rendered invaluable assistance to the Co-operative Planning Committee in its task. He also acknowledged the help received by the Co-operative Planning Committee from Sri Vaikunth L. Mehta, Minister for Co-operation and Finance to the Government of Bombay. Mr. Saraiya stated that though some members of the Co-operative Planning Committee held different views with regard to some of the subjects that came up for consideration they were ultimately able to arrive at unanimous decisions on most subjects, which he thought would undoubtedly carry great weight with the Central and Provincial Governments in implementing the various recommendations of the Planning Committee. He mentioned that even the so called "minutes of dissent" were not all real minutes of dissent, but mostly amplification and elaboration of certain points of view agreed to by the Committee. As regards the minute of dissent relating to official control, he observed: "Actually the report did not visualise increase of official control but held that an increase in Government supervision was inevitable at the initial stages". This control was a purely temporary expedient and it should be so exercised as to disappear in course of time. Co-operative Movement is of the people and for the people and should therefore be run more and more by the people themselves. The control of the State over the Movement should be only in the direction of assistance, guidance and training of workers but not to establish permanent grip over the Movement reducing it to a purely State-managed show. Mr. Saraiya thanked the All-India Co-operative Institutes' Association for the opportunity given to the various co-operators in India to meet at a special Conference, particularly to discuss and express their considered opinion on the Report of the Co-operative Planning Committee, thus showing the importance attached to the labours of the Planning Committee.

NAWAB MIR AKBAR ALI KHAN, representative from Hyderabad (Deccan), in supporting Mr. R. G. Saraiya, expressed his regret that the Conference was not held at Hyderabad as originally contemplated. He also complimented the Hon'ble Mr. K. Chandramouli who opened the Conference for rightly laying stress on the rural aspect of the Co-operative Movement and particularly on the development of cottage industries which deserve the serious consideration of the gathering.

MR. M. R. BHIDE, Registrar of Co-operative Societies, the Punjab, supported the motion of Mr. Saraiya in proposing a vote of thanks to the Hon'ble Minister for Co-operation, Government of Madras, who opened the Conference.

The motion was carried unanimously with great acclamation.
The President then adjourned the Conference for lunch.

THE FOLLOWING RESOLUTIONS WERE PASSED AT THE CONFERENCE.

1. Report of the Co-operative Planning Committee— Publication Welcomed:

This Conference welcomes the publication of the Report of the Co-operative Planning Committee. The Report is a comprehensive and compendious survey and will serve as a useful guide to Provincial and States' Governments and to Co-operative Officials and Co-operators for expansion, extension and diversification of the Co-operative Movement in India. This Conference requests that the usefulness of the Report be increased by translations in regional languages.

2. Voluntary Principle of Co-operation:

This Conference is of opinion that the voluntary principle governing the membership of a co-operative society should be respected and that no one should be compelled to join a co-operative society.

This Conference, however, is of opinion that where there is need for provision of common essential economic service in pursuance of State policy and where the larger interests of the community require it, a resolution passed by the members of a co-operative society who form two-thirds of the community affected should be made binding by law on non-members also.

3. Priorities in Co-operative Planning:

In view of the length of time that will be taken in implementing all the recommendations of the Co-operative Planning Committee, this Conference is of opinion that Governments—Central, Provincial and States', and Co-operators, official and non-official, should give priorities to the different types of co-operative societies recommended to be organised, according to the circumstances in and requirements of different Provinces and States. In general, however, this Conference invites particular attention to the following:

Co-operative Education and Training; Consumers' Stores; Co-operative Marketing; Co-operative Industrial Societies; Agricultural Production; and Development of multi-purpose activities in rural societies.

4. Co-operation and State-aid:

This Conference strongly recommends that Central, Provincial and States' Governments should make available to the Co-operative Movement, State-aid in the manner and to the extent envisaged in the Co-operative Planning Committee's Report. It draws the attention of the Central, Provincial and States' Governments to the fact that such help will be merely a contribution from the State for effecting the economic betterment of the rural masses of India.

5. Co-operative Marketing:

(i) (*a*) This Conference is in full agreement with the recommendation of the Co-operative Planning Committee that marketing of the surplus agricultural produce should be done only through Co-operative organisations and for this purpose requests all Provincial and States' Governments to take immediate steps to promote Co-operative Marketing.

(*b*) This Conference is of opinion that Co-operative Marketing organisations should be promoted at convenient marketing centres for marketing commercial and food crops.

(ii) (*a*) This Conference emphasizes the fact that, as the prosperity of the agricultural community depends largely on the marketing of agricultural produce, in all schemes of rural reconstruction, Central, Provincial and States' Governments should give a high priority to Co operative Marketing, especially by

(1) effectively linking credit with marketing;

(2) making necessary funds and land available and granting subsidies for construction of godowns and installation of processing plants;

(3) facilitating the training of their staff;

(4) providing an expert staff where necessary; and

(5) utilising the marketing organisations in all their schemes of procurement and distribution.

(*b*) This Conference strongly urges the Central, Provincial and States' Governments to give special concessions to Co-operative Marketing Societies in railway freights and also in getting high priority for obtaining wagons for transport of goods handled by them.

(iii) This Conference strongly recommends that in all schemes of distribution of seeds, manures and implements, the Government Departments should utilise only co-operative organisations so as to make the distribution popular and more effective.

(iv) When bulking agricultural produce for purposes of marketing, it should be graded into standard grades, preferably under the provisions of the Agricultural Produce (Grading and Marketing) Act, 1937, as this will be conducive to realising a better value for such produce.

(v) This Conference strongly recommends that Inter-Provincial Co-operative Marketing should be promoted.

(vi) This Conference further recommends that separate Co-operative Marketing Sections under the Co-operative Departments, be organised immediately.

6. De-officialisation as Government Policy:

This Conference is definitely of opinion that the time has come when, along with the necessary increased assistance by and association of the State for new societies, a policy of de-officialisation should be adopted for successful groups and types of societies. This Conference urges upon the Government the need for a declaration of its policy in this behalf in no uncertain terms and to begin to formulate steps necessary in that connection at an early date.

7. All-India Co-operative Council Neither Desirable nor Practicable.

(*a*) This Conference is of opinion that the All-India Co-operative Council as recommended by the Co-operative Planning Committee is neither desirable nor practicable in view of the provincialisation of Co-operation. The purpose of such a Council can best be achieved by All-India Co-operative Conferences held periodically under the auspices of the two All-India Co-operative Associations with a suitably modified constitution.

(*b*) This Conference requests the office-bearers of the two All-India Co-operative Associations to prepare a scheme for suitable modification of their constitutions and evolving an All-India Co-operative Association to represent fully all types of co-operative institutions. They should also prepare a scheme for the amalgamation of the Registrars' Conference with the All-India Co-operative Conference and for the All-India Co-operative Association to undertake the work assigned by the Co-operative Planning Committee to the All-India Co-operative Council.

8. Provincial Co-operative Councils:

This Conference is in general agreement with the recommendation of the Co-operative Planning Committee regarding the creation of a Provincial Co-operative Council for every province. It is, however, of opinion that greater representation should be given to non-official co-operators both in the Council and in the Executive Committee.

9. Confining Government Control to Statutory Duties Only:

(*a*) This Conference is very strongly of opinion that Government control over the Co-operative Movement should be limited to the performance of statutory functions prescribed in Co-operative Law and requests Governments, Provincial and States, to direct their Registrars to forthwith cease performing non-statutory functions.

(*b*) This Conference is also of opinion that audit and administration should be separated.

10. Co-operative Education and Propaganda:

(*a*) This Conference is of opinion that except advanced studies, all training and education for all types of co-operative workers should be entrusted to the Provincial Co-operative Institutes.

(*b*) This Conference is of opinion that in Provinces and States where a College of Co-operation is felt necessary, it may be started, but that it should be under the control of the Provincial Co-operative Institute, setting up, if needs be, a governing body to assist it.

11. All-India Industrial Finance Corporation—Participation by Co-operative Institutions in its Structure:

This Conference strongly urges the Government of India to allow co-operative institutions in Indian Provinces and States to participate in the share capital of the proposed All-India Industrial Finance Corporation by allotting them a fixed percentage of share capital or by treating them at least on the same terms as scheduled banks. Co-operative institutions should be given representation on the Governing Board of the proposed All-India Industrial Finance Corporation.

12. Place of Co-operation in Development Plans:

This Conference regrets to note that the Report of the Advisory Planning Board has failed to accord its proper place to Co-operation

as an instrument both for the preparation and execution of plans of development in India. This Conference reiterates its firm conviction that the Co-operative method and spirit of co-operative organisation are particularly suited, among other things, for the planning and execution of programmes of development of agriculture and cottage industries, and urges upon the Central, Provincial and States' Governments that representatives of the Movement should find a prominent place on the Planning Commissions and Consultative Bodies proposed to be set up at the Centre and in the Provinces and States.

13. Co-operative Societies for Ex-Services Personnel:

(*a*) This Conference requests Provincial Co-operative Institutions and their affiliated bodies to implement the recommendations and suggestions made by the Co-operative Planning Committee for the promotion of co-operative institutions for ex-services personnel and I. N. A. personnel and, in particular, the organisation of small and cottage industries, construction of public works, multi-purpose societies, etc.

(*b*) This Conference further recommends that the Services of ex-services personnel and I. N. A. personnel should be fully utilised in the post-war planning and development of co-operative institutions.

14. Land Mortgage Banks' Debentures—Guarantee by Government:

(i) This Conference is strongly of opinion that the guarantee of the principal of and interest on debentures of Co-operative Land Mortgage Banks by Provincial Governments is as necessary as ever in order to make long-term credit available to agriculturists at reasonable rates of interest.

(ii) This Conference regrets to note the unfavourable attitude taken up by the Imperial Bank of India in the matter of giving advances and requests the Government to see that the debentures of Land Mortgage Banks are treated on a par with other Provincial Government Securities.

15. Role of Co-operation in Procurement and Distribution in the present Economic Conditions:

This Conference notes with regret that in practice the Co-operative Movement has not been utilised so far to any adequate extent for the purposes of procurement and distribution. To eradicate black-marketing and to check profiteering, this Conference appeals to all Governments, Central, Provincial and States' to entrust to the Co-operative Societies the entire procurement and distribution of all essential articles, such as food, clothing, etc.

16. Co-operative Insurance :

This Conference notes the proposals contained in the Report of the Co-operative Planning Committee in regard to Co-operative Insurance and is of the opinion that :

(*a*) the Government should subsidise rural policy-holders, who take out a policy for small amounts so that co-operative societies may be enabled to propagate life insurance among rural masses. Whereas it is a fact that the expense of field organisation and the cost of procurement of business from rural areas are on the high side and that there is an inherent higher mortality risk involved as the policies may have to be issued without medical examination, the premium required to be charged to rural policy-holders will naturally be higher than that charged to urban population. This Conference strongly urges upon the Co operative Insurance Societies to see that such difference in premium does not exceed 25 per cent of the regular premium and requests the Government to subsidise the difference so that the benefit of insurauce may be made available to the rural population at the same rate of premium applicable to the urban population.

(*b*) the benefit of insurance cover through co operative insurance should be made available to the industrial workers and other employees. In the considered opinion of the Conference, unless co operative insurers are permitted to recover the premium at source from the salaries, it is not possible to extend the benefit of insurance schemes to this class. This Conference, therefore, very strongly recommends that the Payment of Wages Act and the orders thereunder be amended suitably so as to permit deduction of premia from the paysheets in respect of policies taken by industrial workers and other employees from co-operative insurance societies.

(*c*) Co-operative Insurance Societies should be encouraged by payment to them of interest at 1 per cent above the Reserve Bank rate in respect of the Statutory Deposit and the proportion of their liabilities which are required to be invested in approved securities under the Insurance Act and Co-operative Societies Act.

(*d*) As recommended by the Co-operative Planning Committee, the Central Government should exempt Co-operative Insurance Societies from the payment of income-tax on the interest derived on their investments.

(*e*) The Government should take steps to implement the recommendations of the Co-operative Planning Committee in regard to the Insurance of Cattle and Crops, but as regards Cattle Insurance, after the initial period, control or organisation of Cattle Insurance should be entrusted to Co-operative Insurance Societies.

17. Agricultural Credit Corporations—Not Required.

This Conference reaffirms its opinion expressed at the Lucknow Conference against the proposal of the Agricultural Finance Sub-Committee for starting Agricultural Credit Corporations to provide adequate agricultural finance to all credit-worthy agriculturists. The Corporation would be a competitive financing agency. The present co-operative structure with necessary modifications will be able to achieve the same ends better and hit the same targets earlier provided the same administrative and financial facilities by the State are made available to them as are proposed in the case of the Agricultural Credit Corporations.

THE INDIAN CO-OPERATIVE REVIEW

VOL. XIII APRIL—JUNE, 1947 No. 2

CONTENTS

SUPPLEMENT

WIDER CHOICE AT LESS COST

At Co-operative Emporiums in Madras and the mofussil districts goods keep moving fast. New patterns, new designs and new colours are supplied to Emporiums as fast as they are produced to suit the changing fashions. They are so varied and so well displayed in clean surroundings by trained salesmen that you can make all your selections with ease and comfort. Remember, Madras Co-operative Handloom Fabrics are doubly more durable and stand any washing or rough wear, retaining their beauty throughout, and are sold at direct factory-to-consumer prices, eliminating middlemen's profits.

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Dhoties, Sarees, Shirtings, Towels, Prints, Ginghams, Chintz, Furnishing Fabrics, Table Linen, Bed-sheets, Kerchiefs, Lungis, Upper-cloths, Mosquito Nets, Quilts and Pillows.

MADRAS CO-OPERATIVE HANDLOOM FABRICS.

FRESH STOCKS AT CONTROLLED PRICES

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The Madras Provincial Co-operative Bank, Ltd.

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

Balance Sheet as on 30th June, 1946.

	Rs.		Rs.
Capital ...	6,81,700	Cash ...	57,64,762
Reserves ...	41,71,540	Investment in Govt. Securities ...	2,15,22,938
Deposits ...	3,50,97,017	Other investments ...	1,27,000
Sundries ...	2,97,037	Loans and Overdrafts	1,24,99,828
Profit & Loss A/c. ...	2,71,986	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 Rs.	1944 Rs.	1945 Rs.	1946 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

BANKING BUSINESS OF EVERY DESCRIPTION UNDERTAKEN.

For Rules, etc., apply to:—

S. RAJARATNAM,
Secretary.

Printed by Sri S. Sundaresan, L. P. T., at The Central Co-operative Printing Works, Ltd., 1/17, Mount Road, Madras, Q.H. Ms. 220
and published by Sri Ch. D. Prasada Rao, Farhat Bagh, Mylapore, Madras for
Q. H. Ms. 406—850—12-8-47.