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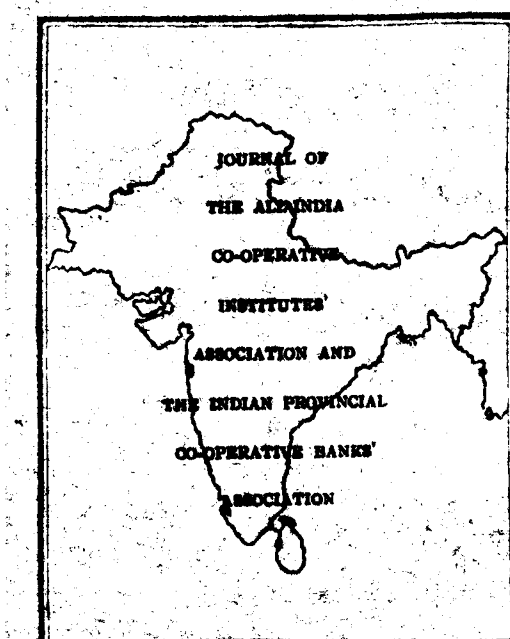

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EDITORIAL NOTES

FUTURE OF CO-OPERATION IN INDIA

That the struggle for complete independence has come to a successful termination and the country has achieved its long cherished freedom on August 15th, 1947, by constitutional methods, is a matter of great jubilation to Co-operators. On their behalf we pay our hearty tributes to the architects of Indian Independence and homage to all those who had laid their lives in the long struggle for freedom.

The country is passing through an economic crisis as a result of a highly inflated price policy pursued by a foreign power during and immediately after the last war to obtain with little difficulty materials and services required for the efficient prosecution of war-time operations. Though it is two years since the war terminated, the war time controls are still in force and scarcity of anything and everything is the order of the day. The responsibility of rebuilding the badly shattered economic structure of the country on a sound economic basis and raising the standard of life of the teeming millions has been shifted to the two new Dominion Governments—India and Pakistan. Co-operators have a definite and responsible role to play in this huge task of rebuilding and ensuring the three freedoms.

Enquiries thus have been made of the future of Co-operation in India and Pakistan. In our view, the subject does not need any deep thinking or any grave doubts. The Partition is on a communal or a political basis. Co-operation is an economic method applicable to any climate or region, any community or creed, any race or tribe. Co-operation aims at preventing the exploitation of the small man, at eliminating unnecessary middlemen, at placing the small man in a much stronger position for bargaining. Efficiency in Production and Equity in Distribution are the key-notes of Co-operation everywhere and we cannot imagine that the communal or political partition into separate Dominions can have any influence so far as Co-operation is concerned. Our readers may note that Ireland (The Eire) has not gone out of the Co-operative Union originally composed of all parts of British Isles though politically the Eire has been separated.

The Punjab has been a very progressive province in matters of Co-operation; the western part of it is now in Pakistan. Bombay and Madras are also progressive provinces and they are in India. But this need not, and cannot prevent the interchange of views, the reciprocity of goodwill and affection between Sind, the Frontier Province, West Punjab and East Bengal on the one hand and the rest on the other. Co-operators from all over the world experience a fraternal impulse when they meet one another and a Pakistan Co-operator does not cease to be a brother, merely because he is a Muslim of Pakistan. Whether the separate parts unite again or not, we have no hesitation in assuring Co-operators in India and Pakistan that Co-operation shall not recognise the artificial barriers of politics or of communalism and shall continue to bind all those who believe in it in fraternal association. Never shall "Each for all and all for each" be upset by any cleavages like the one that we see in India.

Provinces may develop Co-operation on different lines. West Punjab may advance in consolidation of holdings, in irrigation, in credit; Bombay and Madras may push forward marketing of cotton, groundnuts and other products. But the different emphasis on different aspects will but serve to be object lessons for one another and periodical Conferences will continue to keep together the workers in the cause. The World seeks to rally for post-war reconstruction under the banner of International Co-operation. Cannot India and Pakistan continue and nourish with all assiduity and tender care the love and affection which cement relations of amity between their people through economic co-operation?

CO-OPERATIVE COMMONWEALTH

With the establishment of the Indian Union and Pakistan and the complete withdrawal of the British and with the definite announcement by responsible leaders about Co-operation being the basis of economic policies and programmes, Co-operators have begun to indulge, though yet vaguely, in dreams of a Co-operative Commonwealth, which by eliminating the natural antagonism of interests between producers and consumers, would ensure a just price—fair to the producers and fair to the consumers alike. None would welcome such a consummation with greater joy than ourselves. But we cannot ask Co-operators to cherish the hope of the early attainment of any such millennium. The cleavage of interests between producers and consumers is much too real, much too insistent and much too inherent in the very nature of things for easy bridging over even through the beneficent medium of a nationalist State.

The agricultural producer, the small scale producer—the artisan, and the large scale producer in factories are at such very different stages of culture and civilisation, skill and technical equipment, leadership and initiative that to attempt to weave them all into even the semblance of a well-ordered pattern through the formation of co-operative societies, unions and federations, would appear to be utopian. The Co-operative Commonwealth would require from the other end a series of co-operative stores in the village, the town and the city--all federating into a Co-operative Wholesale Society. Even if from both ends, we could develop the producers and the consumers, the trouble would be that producers would wish to develop the sales side and consumers would wish to penetrate into production, so as to secure for their own members the maximum advantage. This would only be prevented by the State coming in and

regulating the whole economic life of the country and fixing up just prices. Even this, objectionable and impracticable as it is, would not serve the purpose in these days when internationalism is the order of the day. With powerful countries striving through councils and committees, through conferences, confabulations and conventions, through diplomacy, plutocracy and even hypocricy, through might backing up their fancied right though that might place others in a very sorry plight, the prospects of a Co-operative Commonwealth are none too bright.

All the same Co-operators have a busy time henceforth. The suspicion and distrust with which Co-operation was looked upon by the public under British rule has vanished. The intelligentsia of the towns and cities should now turn in larger numbers towards the Co-operative Movement and supply the much-needed leadership and directive to the service of rural betterment. The State, genuinely alive to the need for raising the standard of living of the masses, should supply the necessary financial aid and provide guidance through its officers. And, agriculture should cease to be a deficit economy and should begin to yield a surplus, that would change the face of the whole country. Cottage industries, which have survived so long the fierce blast of competition from machine-made goods, should now soon cease to be merely a drag or a weary existence and should emerge, resuscitated, rejuvenated, revitalised, firmly entrenched under co-operative organisation, to play their part in the building up of the industrialised India of to-morrow. The healthy growth of co-operative stores should accompany the system of rationing and should be the natural sequel to decontrolling when it comes. The black marketeer should disappear; the helpless consumer should become a force to reckon with through his stores and their wholesales.

In all these directions, the task before Co-operators is great and it is up to them to put their shoulders to the wheel and drive the chariot of Co-operation steadily and forcefully along paths other than those of credit. We expect Co-operators to come forward to work with a will; and we want outsiders to come into our fold in large numbers and become Co-operators. While, however, we welcome all those who are interested, we must utter a word of caution. We do not want the uninformed enthusiast, who is often the greatest source of trouble; we want our workers to study and understand the ideology of Co-operation, its achievements, its possibilities and its limitations; we want workers today who would be leaders of co-operative thought later on. To facilitate the study of Co-operation, Bombay has three regional schools and a Provincial Training College of Co-operation; other provinces will not lag behind and the day is not far distant when the departmental staff, the staff of co-operative institutions and the honorary co-operative workers will all form a trained phalanx, devoted and trained to be the true and efficient servants of the cause.

India has been a land of culture and courtesy, of toleration and assimilation. She believes not so much in 'take' as in 'give'. Aggression or violence has never had any appeal for her; the brotherhood of man and the cult of love have been cardinal articles of her faith; Captalism, where capital dominates and determines, does not satisfy her; Socialism, where labour threatens and dictates, cannot gratify her. It is Co-operation where equity is the guiding principle, where the consumer and the producer, where capital and labour, where all indeed are treated with fairness and justice, that appeals to her genius. If the U. K. and the U.S.A. show the high watermark of achievement of capitalism, if the U.S.S.R. shows the high watermark of achievement of Socialism, it is left for the U.S.I.—the United State of India—to show the high watermark of Co-operation where 'all are for each and each is for all', leading to true peaceful internationalism in place of militant nationalism, to concord in place of discord, to amity in place of enmity, and to the Brotherhood of Man and the World at Peace in place of Individualism and the constant menace of the World at War.

THE IDEOLOGY BEHIND THE DEMAND FOR HIGHER CO-OPERATIVE EDUCATION

Eminent Co-operators all over the world have pleaded for the imparting of co-operative education of all grades in a co-operative atmosphere by co-operative teachers. Leaders of the Consumers' Movement, drawn almost exclusively from the working classes, have had to wage a long and bitter fight with their Government, which in the past represented vested interests. They have had no faith even in the Universities, which largely catered to the aristocracy and the bourgeoisie and evolved an economic and social philosophy soothing to the higher classes but was an anathema to the working classes. They wanted therefore the Movement to expound its own philosophy evolved in the course of decades of experience in the 19th century, an excellent exposition of which is found in that classic: ***The Consumers' Co-operative Movement in Great Britain*** by S. and B. Webb. This is the reason why in almost all countries advanced in consumers' co-operation, the national co-operative federation is entrusted with the task of running courses of all grades in Co-operation. The foremost example of high grade co-operative education imparted by the Movement is found in the Holyoake Co-operative College in Manchester by the Co-operative Union. It awards diplomas of its own, and is not anxious to get itself affiliated to any University, far or near. It imparts an all-round education, not merely on Co-operative Law, Principles and History; but a good background of economic history and theory and sociology is insisted on. Scope is provided for specialisation in agricultural co-operation, especially for foreign students.

The ideals of agricultural co-operators are not so uncompromising. They do not look for a gradual transformation of the existing capitalistic system into one of Co-operative Commonwealth. The rank and file of members are holders of land with the right to cultivate or lease as they like, and opposed to the idea of merging their individual rights and submit to the commands of any authority to cultivate the pieces of land jointly, for a long or short period. They are, however, anxious to fight out the money-lenders and traders who exploit their need. The agricultural co-operators too are anxious to train their future leaders, and workers in an altruistic way, not merely to acquire business capacity and managerial ability. Some of the leaders were content to leave the Universities to develop Co-operation as a subject of study in the faculties of agriculture or economics. The more ardent spirits, however, did not like that Co-operation should be treated merely as a subsidiary economic organisation but wanted that it should dominate the whole field of economic organisation. The Universities were not anxious to turn out technical men, able only to handle the day to day business of a society. Their aim has been not so much to train men for practical work but to give an education of a liberalising and humanising character. It is vain to expect them to run self-contained co-operative courses as other interests in the country are not friendly to Co-operation beyond a point, lest it should become a serious rival.

THE DECISION IN MADRAS AGAINST A CO-OPERATIVE COLLEGE

With this general background of the mutual attitude of the Universities and Co-operative Movement we may consider what has happened in Madras. Here, the demand for a Co-operative College to be run by the Co-operative Movement, as represented in the Madras Provincial Co-operative Union, is 15 years old. It was in 1933 that the Union appointed a Committee to formulate proposals for the establishment of a Co-operative College for the Province. The late Mr. V. Ramadas Pantulu, who was the President of the Union, was staunch champion of a self-contained Co-operative College to be run by the Union itself. The then Registrar of Co-operative Societies, Mr. D. N. Strathie, approved of the whole scheme drawn up by the Committee after a great deal of care. A later Registrar, however, while approving of the scheme of a professional college for aspirants to co-operative service, preferred it to be run by the Government of Madras, with the Registrar as the managing head and an advisory board consisting of a few official experts and a few non-official Co-operators. This found favour with the Vijayaraghavacharya Committee on Co-operation in Madras (1939-'40), in spite of the strong protest of Mr. Pantulu. The Minister for Co-operation, Mr. V. V. Giri, who had appointed the Committee, also expressed himself in favour of a College of Co-operation with Government aid and control. The controversy over the question of a State or Movement run Co-operative College was given a quietus by the War which intervened and the resignation of the Congress Ministry. The Government was none too keen to start a Co-operative College before the end of the War. All these years co-operators had been hoping that a College of Co-operation would be established soon after peace, whether run by the Government or the Movement. The hope was reinforced by the strong recommendation of the All-India (Saraiya) Committee on Co-operative Planning, which reported recently, that a Co-operative College should be established and run in each Province by the Provincial Co-operative Institute or Union. Bombay has already established a College of Co-operation to be run by the Bombay Provincial Co-operative Institute. Madras, on the other hand, has declined to have one run either by Government or the Union. This decision was first made known at the Seventh All-India Co-operative Conference held at Madras last May by the Minister for Education and the President of the Provincial Co-operative Bank. It took Co-operators by surprise to hear that a leading Province like Madras should not like to have a Co-operative College at all after having asked for it for over 15 years. But at the Conference reasons were not disclosed as the matter was apparently under discussion between the Madras University and co-operative leaders.

We find from the proceedings of a recent meeting of the Madras University Senate that the idea of a separate College of Co-operation has been definitely dropped, but some provision has been made for the teaching of Co-operation in the newly provided B. Com. (Hons.) course. We find that the Registrar of Co-operative Societies, Madras, had proposed the establishment of a new Government College of Co-operation affiliated to the University and the institution of a degree course in Co-operation. On this, a special committee was appointed by the University composed of the Board of Studies in Commerce and some leading co-operators of the Province to consider the above proposals. This Committee, it is said, came to the conclusion that it was unnecessary to institute a new degree course in Co-operation and that the purpose in view could be served by amplifying the existing B. Com. and instituting an Honours Course with Co-operation as a special subject of study. The Syndicate of the Madras University agreed with this decision and placed it before the Senate which approved of it, with little or no discussion, judging by the reports in the Press.

Whatever the Board of Studies in Commerce might think, we are not aware of any change in conditions that could influence leading Co-operators to accept the idea that it was not necessary to have a self-contained Co-operative College conducted in a co-operative atmosphere with a body of teachers imbued with the co-operative spirit and having not only a knowledge of the latest developments in Co-operation, but also ample experience of the working of the Movement. It has been found that most of the Arts Colleges teaching B. Com. courses in the last few years have not been able to recruit competent teachers for teaching some of the subjects for that course. It was indeed a blunder that teaching commerce was not centralised as it once was in Bombay. B. Com. (Hons.), at any rate, should be centralised for more than one reason. But even if that were done that could not be a substitute for the College of Co-operation. Such a college has been already established by the Bombay Provincial Co-operative Institute, in spite of the fact that Bombay has had for a pretty long time courses in B. Com. Pass and Hons. It is a pity that Madras, which is not less advanced in Co-operation, should lag behind.

Looking at the details of the syllabus of the new B. Com. Hons., we find that Co-operation is but one of the 8 subjects History of Co operation, Principles and Co-operative Law are all clubbed together in one paper, while the scheme of the Madras Provincial Union provided for 3 papers: (i) History, (ii) Principles and (iii) Co-operative Law. To these was added a paper on Statistical methods, which is nowadays considered essential for a study of any social science. Practical training was insisted on not merely on the working of co operative institutions but also on Village Panchayat Administration. The emphasis in the B Com. courses is naturally on commerce, which has a great deal in common with Co-operation but has certainly something in conflict too, against which Co operators have had to fight all along for over hundred years now. The whole outlook of commerce is different from that of Co-operation: Profit motive as against the motive of Service.

The list of books prescribed or recommended for the subject of Co-operation in the new course contains errors and omissions, which we do not associate with University lists, particularly of the Madras University. Some of them are hopelessly out of date, and are by no means all classics. A number of recent books of outstanding importance find no place in the list. Year Books of Co-operation, Agricultural and Industrial, are the best means of studying recent developments in the theory and practice of Co-operation Neither these nor recent reports of Committees of enquiry nor Journals of Co-operation find any mention. Perhaps these are left to teachers to find out and study and convey in tabloid form to Honours students. We do not wish to dilate further on the imperfections of the course, which is intended essentially for students of commerce.

CO-OPERATION IN INDIAN STATES

Readers will find in this issue of the REVIEW a number of articles on the progress of Co-operation in some of the major Indian States. Next only to the partition of British India into two Dominions, the greatest disservice done by the British Government to this country was the indecisive status in which Indian States, *vis a vis* the Dominions, were left. Any State, it was declared, could join either of the two Dominions, or choose to remain 'independent' whatever considerations of defence, communications, national sentiment and economic welfare might dictate. It was not made clear whether it was for the Prince or for the people of any State to decide whether the State should join either of the Dominions or keep aloof. And there are more than 500 Indian States--larger than the number of all Independent States of the world—which the British, as Sardar Patel said, had 'preserved like pickles' for posterity.

We are not concerned in this REVIEW with the political aspects of the problem; but we should know their repercussions on the Co-operative Movement. There was always a lack of co-ordination in policy, no uniformity of methods of organisation and education. On the other hand, many societies were organised more in imitation of what neighbouring British Indian Provinces were doing, rightly or wrongly, and not based on the demands or needs of the people of the States. A large number of societies were liquidated; a large number were dormant until recently, but not liquidated, just to save the face of the Co-operative Department or the leaders who were responsible for their organisation. There were even then only 25 Indian States which had more than 100 societies each. Several of them were functioning in a poor way and put under the 'C' class.

The great Depression was undoubtedly a major cause of stagnation or retardation. Lack of education cannot be ascribed, as one writer does, as a distinct cause of decay; for, British India was by no means better in this respect. Indeed some of the States—particularly, Travancore, Cochin and Baroda—have had a higher percentage of literate population than British Indian Provinces; but societies there are by no means free from the defects found all over the country. Character, more than education, and co-operative spirit, more than material means of the members, account for the success of most co-operative societies anywhere—whether in British India or Indian States. There may, however, be special causes accounting for the remarkable success of, for instance, the co-operative stores and land mortgage banks in the Mysore State which deserve to be studied.

The war and its aftermath, though have added to the miseries of the poor, created conditions favourable for the organisation and growth of certain types of societies, and the rectification of evils in the old ones. It is pleasant to note the progress made in the number and transactions of such societies in 9 major States, as revealed in the informing article of Mr D. V. Rajalakshman. Comparing figures of 1939 with those of 1945, we find that the total number of agricultural credit societies increased from about 11,000 to 15,000; non-credit societies from 200 to 750; and the number of members of all societies rose from 4,55,000 to 5,53,000. Loans granted annually increased from Rs. 46 lakhs to Rs. 120 lakhs. We are glad to note, however, that the amount of outstanding loans went down from Rs. 286 lakhs to Rs. 243 lakhs, and overdues from Rs. 112 lakhs to Rs. 78 lakhs. This is an unmistakable evidence of the ability and willingness of members to save and repay loans, given favourable prices. Non-credit societies have registered greater progress—nothing 'phenomenal though during the war and after, their number rose from about 1,000 to 1,500; the number of members from 2,76,000 to 4,65,000. Sales of goods to members (*i.e.*, supply) rose from Rs. 23 lakhs to Rs. 296 lakhs. Purchase of members' produce (*i.e*, marketing or helping marketing) rose from Rs. 4 lakhs to Rs. 110 lakhs.

All this is remarkable progress, no doubt; but what is it compared to the field yet to be covered? We are, in fact, afraid that even this progress would have been arrested after 1945, on account of the enormous rise in the cost of cultivation of crops, though the high prices of produce have been maintained. More loans would, no doubt, be demanded, but recovery would be more difficult on account of the phenomenal increase in the cost of living and rapid decline in net income. We invite information from Co-operators in the States on these and other points.

THE PEASANT IN INDIA AND CHINA

BY

K. G. SIVASWAMY.

Production targets for India.

The area sown under food crops has not kept pace in India with the growth of population. It was .90 per capita in 1911 and declined to .72 in 1941. For an adequate diet at minimum cost the Indian Famine Commission has estimated at least 1.8 acres per capita. The percentage of persons dependent on agriculture increased greatly between 1921 and 1931. A large number is shown under those who follow agriculture as 'subsidiary' occupation. This might be due to the uneconomic character of the holdings and the growth of a class of part-time peasants supplementing their earnings with the aid of other occupations. One noteworthy feature of Indian agriculture has been that the total output of rice declined by something like 10 per cent between 1921 and 1941. This was partly due to the profitability of cash crops such as cotton, tobacco and sugar-cane. Secondly, new varieties of seeds and methods of cultivation were not taken up so quickly in rice as in the case of cotton and sugar-cane. Thirdly, there was competition due to an abundant supply of cheaper varieties of imported rice.

The masses of people in the country, accustomed to a consumption of 1lb. of rice or 1½lb. of dry grains, get to-day only a ration of 12oz. Public health has been seriously undermined. Even the energy derived from cereals has been cut down by half in the case of the large rural population. The substitute foods which people in villages of deficit areas use in larger quantities are horsegram, sweet potatoes, and tapioca. The price factor also affects purchases by the poorer classes. The Memorandum of the Advisory Board of the Imperial Council of Agricultural Research has given the following estimate of the food deficiencies of the 400 millions of people which have to be made up:—Cereals by 10 per cent; vegetables by 100 per cent; pulses by 20 per cent; milk by 300 per cent; fats and oils by 25 per cent; fish and eggs by 300 per cent; fruits by 50 per cent.

Develop human resources.

Various proposals for increasing productivity have been made, for spreading better seeds, controlling insect pests, conserving soil, extending irrigation, planning the crops, and improving livestock-breeding. But all these will founder unless and until the human resources are better equipped. Cultivators require not merely school education but continuous education as each problem arises during the course of the work.

All efforts should be directed first to prevent the day to day deterioration in the health of children, thus saving posterity from various physical ailments and disabilities. Liver and iron should be supplied to nursing and expectant mothers and children suffering from anæmia. The existing quantities of milk should be judiciously used by limiting their distribution by the State to mothers and to children of the age of five and below. A nourishing school lunch should be provided for children between the ages of six and ten. Every school should raise food crops and vegetables and become a real farm project.

Agrarian Legislation.

Any scheme of agricultural development rests on the efficiency of the cultivator. This means that the peasant owner, the tenant, and the labourer should become skilled workers. Short agricultural courses are necessary. A trained staff should first be created for educating and organizing the cultivator.

Schemes of productivity should be preceded by agrarian reform. Holdings should be reconstructed as economic units. Parcels and tiny plots should be consolidated. The rentiers, money-lenders and traders should as far as possible be eliminated. They should be replaced by an agency in each village which will be held responsible by the State for increasing productivity and securing decent living conditions for the cultivator. Prior debts should be completely adjusted. During the interim period rents and interest rates should be fixed and rural trade controlled.

Agricultural labour.

Agricultural labour suffers from inadequacy of income, under employment, social disabilities, and want of general capacity to be trusted with cultivation. The existence of aboriginal tribes in low life freely surrendering themselves to their master's service with their family and children sets the standard of wages for certain kinds of manual work in their areas and depresses the wages of all labourers. The existence of classes like *Padiyal*, *Pannaiyal*, and *Cheruma*, etc., for agricultural labour always indebted to their masters and not actuated by any desire to lead an independent and self-respecting life, has perpetuated the feudal mode of payment for farm servants in the shape of food, clothing, presents, rejected and unwanted paddy lying on the thrashing floor, remnants of paddy in the granary, etc. With the growth of a money economy and rise in prices of food crops and the law of contract on his side, the land-holder is not the old feudal master maintaining labour by parting with his grain, but one who evades payment of the full feudal dues by taking advantage of the ignorance and competition among these classes. The system depends on mutual social obligations and has cracked. The one party avoids efficient work and the other a fair wage. The existence of semi-feudal labour does, however, depress the wage of the independent agricultural labourer of the higher agricultural communities.

There are two forces acting on the rural economy today. Some among the backward and untouchable classes are rising in the agricultural ladder. The tappers, the cowherds, the hunters, etc., are competing for

lands. A form of crop-share tenancy in which some requisites of cultivation are supplied by the land-holder in varying degrees, and labour is supplied by the tenant, and which suits a liberated farm servant and the poorer non-agricultural classes, has grown up. It suits too the land-holders as on account of their growing freedom, agricultural labourers cannot be relied on to discharge their obligations under feudal sanctions. The competition of these classes for work on land brings down the share of *varam* (crop-share) due to them. There is the further fact that as women belonging to these classes supplement the wages of men by working at a lower wage, these classes bid for land at a higher rent.

The existence of groups with a low standard of life has led to the growth of an intermediary class of tenants who merely supervise cultivation engaging the labour of those groups for various kinds of work.

Social disabilities attaching to certain depressed classes, preventing free movement in the house of the master tend to raise the wages of caste farm servants and lower their own wages. It is unfair to leave it to the backward and untouchable communities to fight their way unaided by the State against the superior caste communities, while the latter have the advantage of traditional leadership, resources in land and cattle, directive ability and a higher social status. The former should be saved to the extent possible by legislation, from offering their services at a lower remuneration than persons of a higher social standing for the same kind of work. Wage and rent-fixing machinery should be devised for each revenue division, which should fix rents and wages on the basis of the minimum nutritional food required to maintain the human body in normal health, and the minimum number of dependents which a worker has to support. Such a machinery will help to level up the standard of life of weaker communities and prevent the impact of social disabilities on rents and wages.

Pressure of population in China.

The area of cultivation has reached its climax in China. Even water spreads are cultivated. In some places pond areas are not developed for fish but cultivated. Crops occupy 90 per cent of the farms; only 1.1 per cent is devoted to pasture, as against 42 per cent and 47 per cent in the U.S.A. Marginal lands near hills and mountains are cultivated. Forests are cut down and grass lands are broken for farming, as labour is cheap. This leads to erosion and wasting of top soil. "The removal of graves from farm land, the elimination of land in boundaries by the consolidation of the fragmented holdings, the profitable cultivable of uncultivated but arable lands, and an economic size of farm which would lessen the proportion of area in farm-steads would probably make available an additional ten per cent of the present area in farms."*

*Buck, *Land Utilization in China*, p. 202.

The farms of China have a medium size of 3.31 acres, a crop area of 2.37 acres or 3.58 acres of double crops, a man equivalent of 2 engaged in farm work, 1.34 animal units per farm, .97 labour animal units, and have a production per farm of 3,492 kilograms of grain which is about one-fourteenth of the production in U.S.A. (*Ibid p. 12.*) More animals than necessary are kept for draft purposes.

A little over half the area is cultivated by owners, less than one-third by part-owners, and the remainder 17 per cent by tenants. The food of the people being mostly vegetarian, 1,500 farm people manage to live per square mile of cultivated land. Human labour is used for every operation. The labourers have little or no work in certain months. There are periods of peak labour during sowing or harvesting.

Water is pumped by hand labour. "Many a village quarrel over irrigation-water not infrequently becomes a battle waged with hoes and other agricultural implements."

Methods of cultivation.

Crops and methods of cultivation vary with races. Tribes in the South-West raise corn, the Chinese raise rice in the valley while the Turks, Mangolians and Tibetans in the North-West do mixed farming and use more animal products.

Birth and death rates.

As in all countries of South-East Asia, the food consumed lacks in animal protein and calcium. The birth and death rates are 38 and 27. Half the population dies before the age of 28.

Rentiers and Peasant Revolts.

The peasant in South-East China, as everywhere, is reluctant to sell his land. Sentiment stands against it. Mortgages in the hope of recovering the land are common. But "once the peasants have stepped into the sepulchre of usury, they are led to descend down the inescapable stair-case with only a remote chance of coming out again." (*Agrarian Problem in Southernmost China, p. 96.*) One method of repayment of debt by the peasant is to transfer the title to sub-soil to the money-lender and to retain in his hands the right of cultivation of surface soil. There are any number of absentee landholders having the right of collecting rents for the sub-soil. They have a bureau called "Chu" whose agents armed with police powers collect about 40 per cent of the gross produce as rents. The easy collection of rents was due to the traditional notion that a tenant should pay rents at any cost. But, in 1935, there was a Peasant Revolt in South China. District jails were crowded with default cases. In Central China non-payment of rent ended in a political struggle between Chinese Soviets and the Central Government.

Limitation of family.

About 90 per cent of the population in the villages of South China have less than ten *mows* (1.5 acres of land) in which they have full

ownership rights. It is interesting to know how a Chinese family limits its number in order to preserve its holdings from being split up among too many heirs. Mr. Hsiao Tung Fei, Author of *Peasant Life in China*, which is a field study of country life in Yangtze valley, says:

"A family with a small holding of nine *mows* will face a serious problem if a second boy is born. The usual solution is infanticide or abortion. The people do not attempt to justify these practices and admit they are bad. The practice of infanticide is more often for the female children. Since population control is considered as a precaution against poverty, families with comparatively large estates are free to have more children. These are taken as a sign of their wealth in the eyes of the people. The desire for posterity, the dislike of infanticide and abortion, and economic pressure, these factors work together to equalize land-holdings."

Agricultural labour.

Unlike India, the proportion of agricultural labour population to those engaged in cultivation is small in the Yangtze valley. This is due to land-owners in possession of more lands raising a larger number of children and making them work on these lands. Long-term labourers live in the houses of land-owners and are provided food. They are also given a small portion of land for own cultivation. When one needs money to marry a wife, one has to get engaged to work for a few years. But in South China owing to the growth of absentee landlordism hired labourers and landless peasants are found in great numbers.

Future policy.

The agrarian problems of China are similar to those of India. Hunger is the main cause of peasants' revolts. Usury and the evils of the land system have strengthened the Communist Movement. But a mere land reform by reducing rents and equalising ownership will hardly solve the fundamental problem of unemployment and inadequacy of income. The limited extent of cultivable lands of Manchuria, Mangolia and the North-West may be cultivated with other food crops than rice, but the best lands here have been already occupied. Irrigation and improved methods of cultivation, use of better seeds and fertilizers are the directions in which agricultural development may have to be planned. The Government should also set up a machinery in each village for increasing agricultural production by supplying every sort of aid to the peasant. Industrial recovery is equally necessary, particularly in regard to ancient industries as the textiles. The ruin of Chinese villages by Japan has brought home the lesson of internal unity and the urgency of land reform. China has bitterly learnt its lessons in the last war. The present generation is working towards a new China assuring social security and decent living for the peasants.

CO-OPERATIVE MOVEMENT IN INDIAN STATES

By

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Sprinkled throughout the country, the Indian States numbering 562, cover a total area of 7,15,964 square miles, with a population of 93.2 millions and form a heterogeneous group possessing varying characteristics. The lack of any administrative control to unify and direct their economic policies has resulted in an uncoordinated development, making it an arduous task to study comprehensively any aspect of the economic life of States' subjects. The scope of a few such systematic investigations conducted so far has been further limited by the paucity of information about the prevailing conditions in the States. Reports prepared by the Government of India confine their attention usually to British Provinces and even those few attempting to present an all-India picture include only the information furnished voluntarily by some major States. A study of the development of the co-operative movement in Indian States is beset with all these difficulties. Although the value of the annual publication giving statistical statements relating to the co-operative movement in India has been enhanced recently by furnishing information separately for all States having more than 300 co-operative organisations, besides giving consolidated figures for all those having more than 100 societies in the latest report, all the previous volumes contain statistics only for nine major States.(1) Even the few States that were issuing administration reports of the co-operative departments have suspended their publication during the war period, making it rather difficult to collect information about the recent developments. Nevertheless an attempt is made here to trace the growth of the co-operative movement in Indian States with a special reference to the progress noted during the war period.

Inspired by the spectacular success of the rural credit societies in Europe towards the end of the 19th century, the co-operative movement was introduced in India by the Government in 1905 with a view to mitigate the crushing burden of indebtedness of the rural population. Till 1919 Co-operation remained within the purview of the Central Government, so that there was a co-ordinated development of the movement in early years in all provinces which provided a strong foundation for each province to build on it, later, a superstructure suitable to her special requirements. Introduced at different dates in each State, the progress of the co-operative societies in Indian States depended mainly on the interest evinced by various State-Governments in fostering these

(1) This report furnished information for Mysore and Baroda till, 1916-'17 and later seven more States were added. From 1925-'26 this annual publication included statistics for only nine States except in the latest report issued in 1947.

institutions. In Mysore and Baroda co-operative societies were formed along with those in the provinces, whereas the movement was introduced a few years later in many of the major states including Hyderabad, Kashmir, Gwalior and Travancore. Although some States like Baroda have recorded a progress that can compare favourably with the development noted in the provinces, still the co-operative movement, in general, has not made much headway in Indian States. According to a recent enquiry conducted by the Reserve Bank of India only 25 States are having more than 100 co-operative institutions.

Though there is a marked diversity in the development of the co-operative movement in different States it is not difficult to discern some common features. This movement was not a consequence of a realisation of the benefits of co-operative approach by the people, but was introduced by the Government mainly to tackle the problem of rural indebtedness. As such emphasis was laid on the credit side and the agricultural societies increased rapidly in the early years reaching a figure of 14,145 by 1930-'31 with a membership of 4.6 lakhs.(2) Most of the societies were formed on the Raiffeisen model, imposing unlimited liability on the members and confined their activities to the issue of loans for productive and unproductive purposes. In order to provide finances for the primary societies, central banks were formed with an apex bank to control and coordinate the working of these intermediary agencies in some States like Mysore and Hyderabad, whereas in others like Kashmir and Gwalior, the central banks have been allowed to function on parallel lines. Besides these financing institutions, Travancore has a number of co-operative unions formed by the primary societies themselves to supply credit. Although the non-credit activities of co-operative production, distribution, and marketing were encouraged ever since the inception of the movement in Mysore and Baroda, considering States as a whole, the progress in this direction was limited in the early years. In a few States the credit societies undertook the sale of seeds and the distribution of agricultural implements and other goods on a limited scale, with a varying degree of success. The sale of goods to members amounted to Rs. 8.39 lakhs in 1930-'31 and the societies purchased in the same year members' products worth Rs. 46 thousands. Of the 14,145 agricultural societies functioning in 1930-'31, 13,903 were credit societies including 208 societies based on limited liability and 242 were non-credit societies of whom 52 were formed on unlimited liability.

The co-operative movement in urban areas gathered momentum slowly and by 1930-'31 there were 1,821 societies with a membership of 1,71,074 which is nearly equivalent to half the number of members of agricultural societies in the same year. Though the credit societies organised by people with limited pecuniary resources residing in towns formed a large proportion of the total number, still a steady progress was recorded in the

(2) The total figures throughout pertain to the nine States, Mysore, Baroda, Hyderabad, Bhopal, Gwalior, Indore, Kashmir, Travancore and Cochin.

formation of non-credit institutions, particularly the distributive societies. The number of such societies organised for the purchase and sale of goods were 89 and 79 in Hyderabad and Mysore States of the total of 341 and 420 societies functioning in these States in 1930-'31. Of the total sales of goods amounting to Rs. 18.29 lakhs made in the same year, Mysore shared Rs. 13.28 lakhs and was followed by Travancore and Hyderabad with sales of Rs. 2.44 lakhs and Rs. 1.25 lakhs respectively. Even in the purchase of members' produce, Mysore figured prominent having transactions amounting to Rs. 89 thousands, of the total of Rs. 1.11 lakhs for all States in that year. Societies based on limited liability were found more suitable for the urban areas particularly to undertake non-credit activities, and the number of such institutions slowly increased to over a thousand by 1930-'31.

In spite of the aid that the co-operative societies were receiving from the governments, the movement did not progress on sound lines in most of the States due to the widespread illiteracy of the masses and the lack of understanding of the fundamental principles of co-operation, so that it failed to withstand the repercussions of the economic depression of the thirties. Members of the primary societies were not able to repay loans in time and the recoveries of the co-operative institutions were, in consequence, considerably slowed down leading to a continuous increase in the volume of overdues. A large number of agricultural credit societies had to face liquidation and many others were forced to shrink their activities and remain dormant without having the capacity to serve the purpose for which they were formed. The loans due to the agricultural societies increased to Rs. 295.80 lakhs by 1935-'36, of which Rs. 113.12 lakhs were in arrears. Consequently every State adopted measures of consolidation and rectification with a view to reviving the co-operative movement from this debacle and set it on a firm ground. A systematic attempt was made to weed out defunct societies and to encourage non-credit activities. Credit societies gradually took to non-credit activities like the distribution of goods to members and a number of fresh societies were organised to cover different forms of co-operation. Most of the new societies were based on limited liability and in some States, like Travancore, a few of the existing societies were also converted to limited liability enforcing unlimited liability. In 1938–'39, there were 14,744 agricultural societies including 3,376 non-credit societies of whom 2,937 were formed for co-operative production, 265 for production and sale and 33 for purchase and sale. These societies had a total membership of 4.6 lakhs and issued loans amounting to Rs 46.11 lakhs during the year. Of the 2,927 non-agricultural societies functioning in that year, 1,753 were credit societies and the non-credit societies included 250 dealing in the distribution of goods and 127 in co-operative production and sale.

The provincial and central banks had a membership of 13,072 societies, including 1,054 non-agricultural societies besides 10,827 individuals. These financing institutions made loans amounting to Rs. 32.27 lakhs in the year 1938-'39 and had a working capital of Rs. 238.43 lakhs.

TABLE I.

Agricultural Societies.

	1925-'26	1930-'31	1935-'36	1938-'39	1944-'45
Credit Societies Limited.	9,946	14,145	14,611	218	1,773
" Unlimited				11,150	14,811
Non-credit Societies					
Limited ...				201	747
" Unlimited ...				3,175	53
Total Members ...	298,641	455,888	451,974	455,188	553,308
	Rs.	Rs.	Rs.	Rs	Rs.
Loans made (lakhs) ...	86.28	74.65	40.14	46.11	120.97
Loans due " ...	186.37	309.15	295.80	286.23	243.34
Overdue " ...	26.08	92 28	113.12	112.49	77.94
Sale of goods " ...	0.40	8.39	6.03	6.90	232.52
Purchase of products (lakhs) ...	0.25	0.46	5.19	6 41	74.19
Paid-up capital " ...	47.41	78.68	73.24	70.49	90.41
Working capital " ...	192.09	326.10	343.29	344.20	372.86

At the outbreak of war every State was striving to obviate the adverse effects of the Depression on the co-operative movement, with a varying degree of success, and the war created favourable conditions for pursuing a policy of consolidating the existing societies and expanding non-credit activities. With the rise in prices and the consequent improvement in the economic conditions of the agriculturists, recoveries of the primary societies increased and, by 1944-'45 the arrears for all agricultural societies were only Rs. 77.94 lakhs of the total loans of Rs. 243.34 lakhs due for that year. By 1944-45 the total number of agricultural societies rose to 17,384 including 800 non-credit societies with a membership of 553,308, recording an increase of 2,340 societies and 98,120 members in this quinquenniad. Consequent on the extraordinary conditions which arose from the difficulties of securing the necessaries of life and imposition of controls most of the credit societies in rural areas took to the distribution of grain and other controlled articles. These circumstances gave also the necessary fillip to the formation and development of non-credit organisations[3] particularly the distributive societies. The number of societies organised on limited liability for purchase and sale in rural areas increased from 27 to 246 and other societies covering different aspects of co-operation rose from 141 to 371 in this brief spell of five years. The sale of goods to members recorded a phenomenal rise from Rs. 6.9 lakhs to Rs. 232.5 lakhs, while the

(3) The apparent decrease in the non-credit societies from 3,376 to 800 is due to the alteration in the classification of credit societies that were undertaking purchase and distribution, particularly for Hyderabad State.

purchase of members' products by the co-operative institutions mounted to Rs. 74.2 lakhs from Rs. 6.4 lakhs.

The non-agricultural societies recorded even a more remarkable progress than the rural societies. The membership of these societies almost doubled in this short period, increasing from 276 thousands to 465 thousands and the number of societies rose from 2,927 to 3,291. Institutions formed for non-credit activities, particularly the distributive societies, showed a phenomenal rise during the war years. There were 1,520 non-credit societies in 1944-'45 compared with 1,178 in 1938-'39 and the total number of limited societies formed for purchase and sale increased from 186 to 505 in these five years. The number of societies for production and sale increased from 129 to 208 whereas those comprising various other aspects of co-operation reached a figure of 1,090 from 792 in the same period.

TABLE II.

Non-Agricultural Societies.

	1925-'26	1930-'31	1935-'36	1938-'39	1944-'45
Credit Societies Limited	1,106	1,821	2,072	997	1,253
" Unlimited				756	518
Non-Credit Societies Limited				1,014	1,515
" Unlimited				164	5
Total Members ...	90,297	171,074	224,922	276,031	465.106
	Rs.	Rs.	Rs.	Rs.	Rs.
Loans made (lakhs) ...	69 59	145.30	169.13	136,41	197.40
Loans due " ...	66 72	140 55	190 32	235.00	244.60
Overdue " ...	9.11	25.12	42.42	53.19	47.47
Sales of goods " ...	14.96	18.29	27.80	23.24	296.93
Purchase of products (lakhs) ...	6.85	1.11	14.89	3.89	110.28
Paid up capital (lakhs) ...	34 58	62.90	86 08	97.97	148.06
Working capital (lakhs)...	83 17	171.88	267.49	333.16	521.38

The tendency to prefer limited liability is also manifest in the progress of these non-agricultural organisations during the war years. The total number of societies based on limited liability increased from 2,011 to 2,768 whereas those imposing unlimited liability on members decreased from 920 to 523. This fall is particularly significant for non-credit societies which decreased to 5 from 165 in this period. There was more than a ten-fold increase in the sale of goods to members and the purchase of members' products amounted to Rs. 110.3 lakhs in 1944-'45 compared to Rs. 3.9 lakhs in 1938-'39.

The financial position of these institutions has also shown a significant improvement in the war-period. The paid-up share capital and the working capital of these societies have swollen to Rs. 148 lakhs and Rs. 521 lakhs respectively and the overdue loans declined to Rs. 47.5 lakhs by 1944-'45.

The central and provincial banks have recorded an improvement in the volume of their transactions during the war years. The total membership of primary societies increased to 14,072 including 12,682 agricultural societies, besides 10,852 individuals and these institutions made loans amounting to Rs. 172.07 lakhs to the primary institutions in 1944-'45. The working capital of these banks mounted to Rs. 332.57 lakhs and the loans due by societies decreased from Rs. 154.53 lakhs to Rs. 138.24 lakhs in the same period.

The figures given for nine important states in Table III clearly reveal an all-round progress made by the co-operative movement during the war years. The number of societies and their working capital have increased for all these States except for Bhopal. Membership of the primary societies increased even more rapidly than the growth of population. The highest figure of 37.3 recorded for Baroda is greater than even the corresponding number of members per mille of population noted for all major provinces except Bombay.(4) Among the different States Mysore must be mentioned particularly for the development of co-operative institutions to supply long-term credit. With a central co-operative mortgage bank the number of primary land mortgage societies slowly increased to 75 by 1945-'46. In spite of the adverse conditions they have been working satisfactorily during the war years, having issued, on the whole, 3,099 loans amounting to Rs. 34.25 lakhs so far. The total number of co-operative societies which showed a decrease after reaching the peak figure of 2,218 in 1930-31 increased to 2,526 in 1945-46 from 1,899 societies functioning in 1938-39. Of the 1,803 agricultural societies there were 27 supply societies, 46 marketing societies and 28 grain banks in 1945-'46. The 648 non-credit societies functioning in that year included 151 consumers' societies and 47 weavers' societies. Besides the consumers' societies, as many as 430 credit societies undertook the distribution of foodgrains and other controlled articles in 1945-'46. The sale of goods to members recorded a phenomenal rise from Rs. 91 thousands to Rs. 56.05 lakhs for agricultural societies and from Rs. 12.66 to Rs. 161.81 lakhs for non-agricultural societies in this short period of five years. In the same period the purchase of members' products increased to Rs. 26 31 lakhs and Rs. 26.37 lakhs for agricultural and non-agricultural societies from the negligible amounts of Rs. 71 and 35 thousands respectively.

(4) The membership of primary societies per thousand of inhabitants was 45.0 for Bombay Province in 1944-45.

TABLE III.

State.	Area in Sq. miles	Population in millions (1941)	Membership per mille of population. (a)	Membership per mille of population. (b)	Agricultural Societies. Credit. (a)	(b)	Non-Credit. (a)	(b)	Total membership. (a)	(b)	Non-Agricultural Societies. Credit. (a)	(b)	Non-Credit. (a)	(b)	Total membership. (a)	(b)
Mysore ...	29,458	7.3	19.5	27.4	1,325	1,620	74	139	59,595	81,429	305	417	148	240	73,645	117,128
Baroda ...	8,176	2.9	21.8	37.3	812	914	184	209	33,500	47,735	190	212	46	137	22,912	72,359
Hyderabad ...	82,313	16.3	7.2	15.0	2,909	5,443	...	5	63,359	104,964	406	395	252	434	50,717	133,937
Bhopal ...	6,921	0.8	16.1	11.6	595	298	...	...	12,478	9,223	17	...	...	...	391	...
Gwalior ...	26,367	4.0	20.2	16.4	3,913	3,709	...	8	75,963	69,246	45	94	16	28	865	2,740
Indore ...	9,934	1.5	17.6	18.6	765	829	...	16	13,849	19,173	48	50	12	48	12,384	15,759
Kashmir ...	82,258	4.0	22.7	24.3	2,607	2,659	198	240	58,245	63,628	371	393	526	595	30,184	40,878
Travancore ...	7,662	6.1	31.6	30.9	1,222	1,006	11	183	129,069	148,355	276	136	98	151	66,793	52,513
Cochin ...	1,493	1.4	20.9	24.7	129	107	...	...	9,130	9,555	95	74	76	118	18,140	29,792

(a) Stands for the year 1938-'39 and (b) for 1944-'45.

Started in 1914 the co-operative movement in Hyderabad State made little progress in expanding non-credit activities in the pre-war years. With the advent of war, and particularly after 1944, the grain banks which were mainly thrift societies before, entered into active trade and commenced the purchase, collection and storage of grain. Consequently there was a phenomenal rise in the number of these banks from 186 in 1943 to 6,422 in 1946 and the membership of these institutions shot up to 24.8 lakhs from 2 lakhs within this short period of three years. The sale of goods to members increased from Rs. 2 96 lakhs to Rs. 4.42 lakhs and the purchase of members' products from Rs. 1.57 lakhs to Rs. 45 60 lakhs for the non-agricultural societies during the years 1938-'39 to 1944-'45 while the credit movement, on the whole, has not recorded any marked improvement in these years.

The co-operative movement in Baroda State revealed an all-round progress during the war period. The membership of the non-agricultural societies recorded a spectacular rise from 23 thousands to 72 thousands in this short period and the sale of goods to members by these societies increased from Rs. 1.70 lakhs to Rs. 44.22 lakhs, while a purchase of members' products costing Rs. 44.6 lakhs was made in 1944-'45 compared with a purchase of Rs. 1.71 lakhs made in 1938-'39. The sale of the agricultural societies rose to Rs. 41.35 lakhs from Rs. 5.32 lakhs in this period, whereas members' products costing Rs. 4).17 lakhs were purchased by these societies in 1944-'45. In Kashmir, the non-agricultural societies effected a sale of Rs. 31.88 lakhs and purchased members' products amounting to Rs. 27.76 lakhs in the same year. Among the non-credit organisations functioning in 1946 the most important were the 230 societies formed for consolidation of holdings, 50 societies with a membership of 18,000 organised for purchase and sale and 80 for production and sale.

The policy of encouraging non-credit institutions adopted in Travancore State even prior to the war received an increased momentum during war years. Besides the formation of new societies to undertake various non-credit activities, even the existing credit societies took to the distribution of grain and other controlled articles. The sale of goods to members by agricultural societies increased to Rs. 128.54 lakhs and the purchase of members' products to Rs. 2.81 lakhs by 1944-45 compared with the insignificant figures of Rs 66 and 64 thousands noted in the pre-war year 1938-'39. Non-agricultural societies sold goods costing Rs. 41 58 lakhs compared with Rs. 3.25 lakhs in 1938-'39 and purchased members' products amounting to Rs. 3.03 lakhs in the same year. The favourable atmosphere created in the war period was mainly utilised in the Gwalior State for the consolidation of credit societies that were hard hit by the economic depression. Among the non-credit organisations developed during the war period the most important were the grain stores formed for distribution of grain to members which reached a figure of 141 by 1945-'46 and producers' societies formed by the handloom weavers.

The co-operative movement in some of the other States also revealed an all-round progress in the war years. In general, the war-time developments of the co-operative movement in Indian States can be classified under two main categories, namely the rectification and consolidation of credit societies and the expansion of non-credit activities.

Though the war has created a congenial atmosphere for the co-operative movement to retrieve from the disastrous consequences of the economic depression and extend its activities to cover various aspects of co-operation, even the recent reports of the auditors in different States reveal the existence of a preponderant number of societies that have yet to be improved. This throws to the fore the need for a careful reorganisation and development of these institutions in the post-war years. Whatever be the progress witnessed in the war period, the fundamental factor that these societies, ever since their inception, in every State have been fostered by the Government should not be forgotten. Even the spectacular success of the distributive societies can be attributed to the priority that these institutions received from the State in securing controlled goods for the distribution to members. The scope for the development of this movement in Indian States is immense and in order to direct the movement to progress on sound lines and to make it slowly self-reliant, every State should take active measures to instil the spirit of co-operation in the people and make them realise the benefits of co-operative approach.

CO-OPERATION IN H. E. H. THE NIZAM'S DOMINIONS

BY

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The year 1944 witnessed a remarkable expansion in co-operative activity as the movement stepped out from its purely credit aspect and plunged into active trade. The change was due to the general shortage of foodstuffs. A scheme was promulgated by Government by which every-one of the 22,000 villages of the Dominions should have a grain bank, twenty to thirty of which would constitute a branch, and all the branches of each taluq culminating in the apex of the Taluqa Development Union. Elected representatives of the grain banks serve on the branches along with nominated non-officials, the branches electing the working committees of the taluqa unions, which include officers of the Development Departments. The taluqa unions are the agents of the Hyderabad Co-operative Commercial Corporation for the purchase, collection and storage of grain and work through their different branches. Prices of levy and purchased grain are paid to the ryots by the unions themselves at the godowns and amounts have been advanced to them for these purposes both by the Hyderabad Co-operative Commercial Corporation and the Supply Secretariat, a feature with which the producer is entirely satisfied.

The result of this policy was that during 1945-46, 5,216 new societies were registered making a total of 11,540 societies. The membership was almost doubled being 5,27,648 as against 2,73,866 the previous year, the owned capital rose from Rs. 186 lakhs to Rs. 229 lakhs and the working capital from Rs. 419 to Rs. 657 lakhs.

Grain Banks.—Experience had shown that in addition to cash credit operations, it was necessary to provide villages with a credit economy in kind, because the latter is the real basis of rural transactions. The experiment proved so successful that during 1945-46, 5,144 grain banks were registered, and many more are pending registration, the ultimate idea being the establishment of a grain bank in every village of the Dominions. This target will be shortly reached as the total number of grain banks till the end of February 1947 is 10,554. The formation of grain banks also was greatly helped by the shortage of foodstuffs, as one-eighth of the levy collected under the Foodgrains Levy Order was handed over to the grain banks. During the short period of two years, 88,316 *pallas* of grain were collected. The number of grain banks rose from 686 in 1943 to 1,298 in 1944, and 6,442 during 1946; and the membership was 19,728, 31,461 and 2,48,248 respectively during these three years, which shows an increase of 2,16,787 as against an increase of 11,733 during the previous year. The increase in the working and own capital for the two years can be judged from the following figures :—

	1945	1946	Increase
Working Capital	Rs. 2.37 lakhs.	Rs. 20.63 lakhs.	Rs. 18.26 lakhs.
Own Capital	„ 2.33 „	„ 20.56 „	„ 18.23 „

One important factor which contributed greatly to the satisfaction of the ryots, was the realisation by the ryots that not all the grain collected under the Levy Order was to be transported away from the area of its production but that at least one-eighth was left behind in the custody of the villagers themselves, which gave them a great sense of security against possible shortage.

Taluqa Development Unions.—Each taluq of the 104 taluqas of the Dominions was to have one Taluqa Development Union. Ninety-five of these had already been set up during the previous year. In 1945-46, 21 more unions were registered including 12 in the Non-Diwani areas, making a total of 116. During the year the membership rose from 54,550 to 84,095, the working capital from Rs. 47,90,715 to Rs. 90,21,128 and the own capital from Rs. 27,49,654 to Rs. 41,58,990. The turnover was as much as Rs. 639 lakhs. The success of these unions can be judged from the fact that while during a period of 25 to 30 years the Central Banks accumulated a working capital of Rs. 196 lakhs and an own capital of Rs. 52 lakhs, the unions during a short space of two years possess a working capital of Rs. 90 lakhs and an own capital of Rs. 42 lakhs.

In addition to the purchase, collection and storage of foodgrains, a number of unions have set up retail shops doing business mostly in grain, kerosene, jaggery, sugar and iron. The unions were also given the important function of verification of stocks for export permits. Branches of the unions were also established in a number of places and are doing good business under the direction of the unions.

The ultimate idea is to make these taluqa unions comprehensive multi-purpose societies catering to the needs of the rural population by providing them with supply and marketing facilities.

Some scepticism has been felt regarding the association of *Sahukars* and merchants with the co-operative movement. As a matter of fact, the well-to-do class has all along been associated with the Dominion and Central Banks and other secondary societies though their number and interest were limited. Indeed some of the merchants did protest against the aid given by Government to the co-operative movement in establishing itself firmly. It will, however, be in the best interests of this class of people to serve the co-operative movement in the right spirit and realise that in this epoch of revolutionary social, political and economic changes the old order of things must give place to new. In order, however, to safeguard against any subversive tendencies, a system of nominations to the managing committees of the unions has been adopted which, if judiciously managed, will counteract all evils.

The Hyderabad Co-operative Commercial Corporation.—The H.C.C.C. was originally set up by Government as a Joint Stock Company for carrying out the food policy of Government, and as such would have been wound up after the various controls on foodgrains had been abolished. In order, however, to provide an apex for the taluqa unions it has been converted into a Co-operative Corporation. The managing body of the Corporation consists of 10 representatives elected by the taluqa unions and 11 official members. Since vast amounts of money have been invested by Government in the Corporation, it exercises a certain degree of financial control, which will be withdrawn after the Government has been repaid.

For the provision of storage, a Godown Trust had been established with a fund of Rs. 50 lakhs and it has built a number of rat-proof godowns at important centres They are at present being utilised for the storage of levy grain. They will be taken over by the unions and the Co-operative Corporation for warehousing purposes when the problem of food supply ends.

Credit Movement.—The number of agricultural societies rose from 4,074 to 4,178, but their membership was 1,00,525 as against 1,01,518 of last year having decreased by 993. The loans advanced were Rs 18.17 lakhs as against Rs. 15.17 lakhs, though recoveries were less being Rs. 18.88 lakhs as against Rs. 21.46 lakhs of last year. The working capital was Rs. 94.55 lakhs and own capital Rs. 54.67 lakhs being Rs. 2.86 lakhs and Rs. 3.21 lakhs respectively more than last year.

Non-Agricultural Societies.—With an increase of 43 new societies over last year the total was 873. Membership being 1,90,256 as against 1,33,937 of last year, loans advanced being Rs. 54.28 lakhs as compared to Rs. 37.72 lakhs of last year. Recoveries were slightly better being Rs. 71.15 lakhs *i.e.*, Rs. 5,300 more than last year. The working capital and own capital were Rs. 245.71 lakhs and Rs. 101.40 lakhs respectively.

Central Banks.—Their number was the same being 46. Membership rose by 51 and was 6,126 during the year. Loans advanced were less by Rs. 5 96 lakhs, the total being Rs. 21.03 lakhs. Recoveries also were less by Rs 3.87 lakhs being Rs. 20.35 lakhs. The working capital was Rs. 103.31 lakhs and own capital Rs. 36.20 lakhs recording an increase of Rs. 6.22 lakhs and Rs. 1.33 lakhs respectively.

Dominion Bank.—Its membership was 876 as last year. Loans advanced were Rs. 32.43 lakhs and recoveries Rs. 24.45 lakhs both being Rs. 10.20 lakhs and Rs. 4.79 lakhs more than last year. The working capital rose to Rs. 93.08 lakhs and own capital to Rs. 16.25 lakhs both being Rs. 24.80 lakhs and Rs. 0.28 lakhs more than last year.

On the whole, the credit movement did not record any marked improvement, one of the reasons being that due to the War the financial condition of the agriculturists had improved and there was little demand for fresh societies. During the year the recoveries were less, because of poorer crops. The working and own capital of all societies and banks recorded an increase.

Purchase and Sale.—During the year under report the co-operative societies including unions purchased goods worth Rs. 396 lakhs as against Rs. 145 lakhs of last year. The sales amount to Rs. 290 lakhs as against Rs. 134 lakhs of last year.

Central Trading Society.—This society is in existence since the last 3 years but during this short period it has undertaken a vast business. It opened ration shops in the city of Hyderabad and was very helpful in counteracting the black market by taking up retail sales and coming to the aid of Government. Again, the merchant community had refused to deal in the retail sale of sugar and it promptly undertook this job and worked it successfully. It has the monopoly of 'Gud' sale as well and is doing a vast amount of business both within and outside the Dominions. The total sales during the year were Rs. 45 lakhs as against Rs. 26 lakhs of last year. It purchased goods to the extent of Rs. 45 lakhs as against Rs. 22 lakhs last year. In this manner it has been able to establish a firm footing in the marketing section.

Co-operation among Aboriginal Tribes.—Co-operative principles have also been successfully employed in the extensive social service schemes for the rehabilitation of backward populations which H. E H. the Nizam's Government has implemented during the last three years. These schemes are run under the direct supervision of Baron I. F. Hemiendrof,

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the well-known Anthropologist, who is the Tribal Adviser to the Government of Hyderabad. Excellent progress has been made during the present year and a short sketch of the activities is given below :

In Adilabad, a district with a large aboriginal population, the economy of the Gonds inhabiting the highlands of Utnur has been organised on co-operative lines. With the help of an initial loan from Government, a co-operative union was established, which provides credit and arranges the sale and marketing of the Gonds' agricultural produce and maintains retail shops for different commodities. This union has almost completely replaced the moneylenders and traders with whom the aboriginals used to deal and it is significant that so far all loans of grain have been repaid with interest.

In most aboriginal villages grain banks have also been established. Thereby an aboriginal tract exploited by the moneylenders of the adjacent plains, has attained a high degree of economic self-sufficiency and the present experience is that the aboriginals, in whose caste-less society tribal solidarity is strongly developed, take more readily to co-operative institutions than more advanced populations.

Another experiment in co-operative organisation is the Amrabad Rural Welfare Scheme concerned with raising the standard of life in one of the Hyderabad's most backward areas. There the Chenchus, a primitive tribe of semi-nomadic hunters and food gatherers, have been provided facilities for the co-operative marketing of such jungle produce as honey, wax and wild fruits. Moreover, a collective farm has been established where a group of Chenchus are cultivating land under expert supervision. Government subsidies were required for initiating collective cultivation, but it is expected that the farm will be self-sufficient within a few years of its establishment. Under the same Amrabad Rural Welfare Scheme, Lambaras have started collective cattle-breeding and other backward communities, such as depressed classes and backward Muslims are provided with facilities for co-operative agricultural operations.

CO-OPERATIVE MOVEMENT IN BIKANER*

The Co-operative Movement was started in the year 1926-27 in the Bhadra Circle and in the year 1928-29 in the Ganganagar Circle by organising credit societies and advancing loans at low rates of interest from the Government. The operations were restricted to credit only in the initial stages and it was the endeavour of the State to teach the people the advantages of organised thrift, self-help and mutual help.

The Co-operative Department was reorganised in the year 1944-45 for starting co-operative societies of different types in the State.

* Note supplied by the Registrar of Co-operative Societies, Bikaner.

Ganganagar Circle.—There are 68 co-operative credit societies including 4 co-operative commission and supply shops for marketing of agricultural produce, supply of seeds, agricultural implements and fertilisers, etc.

The membership of these societies is 3,700 and their total working capital is over Rs. 3,00,000. These societies are affiliated to a Central Co-operative Bank at Ganganagar. It is a flourishing and self-supporting institution. The reserve fund of this Bank is Rs. 36,481, share capital is Rs. 25,553 and the working capital is Rs. 1,62,761.

Out of these societies 26 have no outside liabilities against them and they have their current deposits of Rs. 21,585. All these societies are on sound and stable footing financially.

Bhadra Circle.—Fifty-seven co-operative credit societies and one union bank were established in this circle. At the end of the year 1937-38 their share capital was Rs. 45,099, Government loan Rs. 1,69,479, net and accrued profit Rs. 23,362, loan due from members Rs. 2,31,608 and deposits Rs. 28,819-5-6.

There was no reserve fund. It was unfortunate that these societies and the Union Bank were brought under compulsory liquidation in the year 1940 and they are in the process of winding up, which will be completed by the end of June 1947.

Sadar Circle.—After reorganisation of the department, 25 spinners' co-operative societies, with a membership of 1,160 and monthly production of 1,110 pounds of woollen yarn were started. These societies supplied fine woollen yarn to cottage industries. These societies are being reorganised into spinners' weavers' co-operative societies. One co-operative yarn stores, one vegetable growers' society, one co-operative consumers' stores and one government servants' co-operative society were registered last year.

There is one Bikaner State Railway Co-operative Credit Society with a share capital of Rs. 47,570, membership of 734, working capital Rs. 1,21,343-8-1 and it reserve fund is Rs. 14,562.

CO-OPERATIVE MOVEMENT IN COCHIN

BY

B. M. MULLOTH,

Registrar of Co-operative Societies, Cochin.

General.—The co-operative movement was introduced in the State 33 years ago as a proto-type of the British Indian Movement. As in other parts of India in the early years efforts were concentrated only on the organisation and development of credit societies to meet the varied financial needs of the agricultural population. In later years, more attention was bestowed on the non-credit side of the movement and to-day many rural societies have been reorganised on multi-purpose lines and special types of societies also have come into existence. The number of societies at the end of the last administrative year (1945-46) stood at 326 consisting of one institute for education and propaganda, one Central Bank, one land mortgage bank which advances loans at 5 per cent interest, one cottage industries marketing society, one central coir society, one wholesale society, 12 supervising unions, 98 societies for rural credit, 52 urban societies, 82 rural development societies, 7 model panchayat societies, 19 consumers' societies for purchase and sale, 28 societies for Depressed Classes, 9 agricultural non-credit societies, 12 weavers' societies, 21 artisan societies, 7 students' stationery societies, 1 poultry society, 13 fishermen's societies, 4 insurance (benefit fund) societies, 3 co-operative restaurants, 1 Ayurvedic society and one bee-keepers' society. Excluding the 431 members of the central societies, the number of members in the primary societies is 45,174 of whom 5,885 are women. The working capital of all the societies amounts to Rs. 69.64 lakhs giving an average of Rs 152 per member and Rs. 23,060 per society. The total transactions of all societies have gone up to Rs. 4.81 crores and the total reserve fund is Rs. 6,64,349. The above figures reveal a steady progress in the general trend of the movement.

CO-OPERATIVE FINANCE.

Rural Credit Societies.—The primary societies form the unit and the basis of the whole financial structure of the co-operative system in the State. At first, the activities of these societies were all confined to the sphere of supplying cheap credit to the agriculturists. A departure was made in the original policy and rural societies were encouraged to undertake all those activities which affect the daily life and business of the agriculturists and artisans. There were 98 agricultural credit societies at the end of the year and they had a membership of 10,656. The working capital was Rs. 8.83 lakhs. Of this, deposits from members and non-members accounted for Rs. 8.45 lakhs while the loans from the Central Bank amounted to Rs. 89 lakhs. The majority of the loans issued were for sums below Rs. 100. The loans outstanding amounted to Rs. 4.81 lakhs of which Rs .79 lakhs or 16.4 per cent were overdue. The rates of interest on deposits ranged from 3 to 5 per cent while the interest charged on loans worked at an average of 6¼ per cent.

Due to the economic prosperity of the agricultural classes in the last 4 years overdues have come down substantially. Small savings are also encouraged and the running of *Kuries* or *Chitties* had become increasingly popular. Many societies are continuing their side activities such as the manufacture of coir, weaving, supply of manure, seeds, seedlings and

agricultural implements. Some of these societies are also entrusted with the distribution of rationed food-stuffs.

Central Bank.—There is only one such Bank in the State and this serves as the apex financing institution for the primary societies. The constitution of the Bank is of the purely federal type. The number of share-holding societies stood at 153 and of these 76 were societies of the agricultural type, 68 of the non-agricultural type and the remaining 9 were unions. The Bank had a paid-up share capital of Rs. 61,775, while the working capital and total transactions amounted to Rs. 19.55 and Rs. 162.26 lakhs respectively. The amount of deposits from individuals, societies and other sources stood at Rs. 18.41 lakhs, the rates of interest ranging from 1 to 3½ per cent. Besides ordinary loans the Bank allowed overdrafts on landed properties and also gave advances against goods, gold, etc. The total loan outstandings stood at Rs. 4,15,151 of which Rs. 75,763 was overdue. Of the overdues, Rs. 68,812 were amounts due from societies under liquidation. The rate of interest on lending ranged from 4½ to 5 per cent. The Bank was enabled to reduce its lending rate substantially.

Land Mortgage Bank.—The Cochin Co-operative Land Mortgage Bank is the only institution in the State for the supply of long-term credit to the agriculturists. The membership of the Bank stood at 2,756. The paid up share capital and the working capital were Rs. 85,880 and Rs. 17,95,882 respectively. The loan advances during the year amounted to Rs. 1.5 lakhs. Owing to accumulation of funds on account of the continued repayments of loans due to the prosperity of the agriculturists, the Bank was in a position to redeem its second series of debentures at 4 per cent. It availed itself of the right and redeemed Rs. 5 lakhs worth of debentures by issue of fresh debentures at 3 per cent free of income-tax. The Bank was also able to reduce its lending rate to 5 per cent. The rise in prices of agricultural produce and lands enabled many a borrower to completely wipe out his loan long before the due date. Applications for fresh loans were also comparatively few. Consequently during the year there was a great shrinkage in the business of the Bank.

Urban Credit Societies.—These societies organised for the benefit of small traders, shop-keepers and employees of various classes had made considerable progress from the very beginning. There were 52 societies of this type at the end of the year and they had an aggregate membership of 16,611. Their total working capital stood at Rs. 16.73 lakhs. The loans advanced amounted to Rs 8.97 lakhs and of this only Rs. 95,613 or 10.65 per cent was overdue. A sum of Rs. 2.16 lakhs has been accumulated as reserve fund. The overdues in these societies have come down substantially. With a view to encourage small savings some of them have started *Kuries* or *Chitties*. Many of these societies are now being employed as agencies for the distribution of rationed food-stuffs,

PURCHASE AND SALE SOCIETIES.

Consumers' co-operation was sought to be introduced in the State from the very start of the movement. But as in other places the earlier attempts proved to be a failure. There were 19 societies of this type at the end of the year. They had a membership of 2,455, a working capital of Rs. 1.29 lakhs and a turnover of Rs 32.83 lakhs. After a long period of comparative stagnation the situation created by the War, with the advent of controls and the check against profiteering has given a new impetus to the consumers' movement. Besides the purely store societies many societies have sought to combine credit with store business and such mixed type societies are now increasing in large numbers. Another step now taken is the federation of all the store societies into a central wholesale society. This society was only recently started and it is hoped that this will give the right lead to the future development of the store movement.

PRODUCTION AND SALE SOCIETIES.

Weavers.—There were 10 societies working at the end of the year. These had a membership of 747, a working capital of Rs. 50,641 and a turnover of Rs. 10.27 lakhs. All except one worked at profit. One of these societies is a purely Khadi spinning and weaving society affiliated to the All-India Spinners' Association. As a post-war measure attempts are being made to bring more weavers into the co-operative fold.

Industrial Societies.—There were 21 societies working at the end of the year. They had an aggregate membership of 2,061, a working capital of Rs. 69,809 and a turnover of Rs. 6 45 lakhs. All except four worked at profits. Among the Industrial Co-operatives, the carpenters' society and the leather-workers' society at Cherpu and the home industrial society at Kunnamkulam have attained a great measure of success. The organisation of the several village industries on co-operative lines is taken up jointly by the Industries and Co-operative Departments. Manufacture of coir, coir yarn, etc., is one of the main cottage industries in the coastal areas of the State. Though no separate coir society is functioning at present some of the village societies have taken up this industry as a side activity. A central society has been organised for the marketing of coir and coir products and it is hoped that this will foster the growth of the primary societies to be engaged in this important industry.

The Cochin Cottage Industries Marketing Society was started to form as a federation of all classes of industrial societies. Its main object is to organise rural production and the marketing thereof. The constitution is not of the purely federal type and the membership is drawn from societies as well as individuals and other institutions. It had a membership of 138, a working capital of Rs. 1.99 lakhs and a business turnover of Rs 20.68 lakhs. The society is entrusted with the distribution of yarn and it is also nominated as the purchasing agent in the centralised purchase and distribution of hand-loom cloth in some of the Taluks of the State.

SPECIAL TYPES OF SOCIETIES.

Cochin has made some appreciable progress in developing certain special types of non-credit societies. The following table shows the particulars regarding the working of some of these societies :—

Type of Societies.	No. of Societies.	No. of mem-bers.	Working capital.	Total transac-tions.	Net profit.
			Rs.	Rs.	Rs.
Agricultural non-credit societies ...	9	601	19,467	1,38,973	13,242
Students' stationery societies ...	7	1,390	13,839	1,34,798	1,725
Rural Development societies ...	31	2,582	56,901	8,04,001	9,000
Poultry society ...	1	59	1,113	3,428	484
Restaurant societies ...	3	2,250	11,984	4,56,791	5,007
Insurance societies ...	4	854	30,736	1,72,790	1,662
Ayurvedic society ...	1	25	342	2,093	111
Model Panchayat societies ...	7	3,333	49,050	1,98,691	2,420
Bee-keepers' society ...	1	165	5,582	77,977	512

Co-operative Farming.—Among the agricultural non-credit societies the Anamalai Collective Farming Society has been able to make much head-way. The initial success it has gained gives hope that the system of collective farming on co-operative lines is not at all unsuitable to our conditions. This society was organised at a time when Government under the food production drive decided to lease out small plots in the reserve forest lands on a temporary basis. These small holders, mainly of the agricultural labouring class, were formed into a co-operative society to take up the cultivation of the land on a collective basis. Since then the leases have been transferred to the society and Government have decided to grant them a longer lease. Besides the agricultural labourers and small cultivators, the membership of the society is also drawn from well-wishers among the public. After many initial difficulties, the society cleared the forest lands and has brought under cultivation 82 acres in which paddy, tapioca, banana and other plantains are raised. After writing off the capital expenditure for clearing the lands, the society has earned a net profit of Rs. 11,459 during the year. Government have been pleased to sanction the lease of more lands from the adjoining forest areas and the society's farm is going to be further extended.

Co-operative Restaurants.—The Cochin Port Staff Society, which is the oldest among these restaurants, is an outstanding success in this field. They have now started their own bakery and have also taken up the manufacture of *Pappadam* as a side activity. Similar societies, especially among the labouring classes, are now being organised elsewhere in the State.

SUPERVISION, EDUCATION AND AUDIT.

The Registrar is in charge of the work of inspecting the societies and he is assisted by 10 inspectors. The statutory audit also is conducted by the inspectors. Those in charge of regular divisions are also appointed as Sale Officers for the departmental execution of decrees and awards. In order to cope with the increased work in the field five new posts of organising inspectors have been recently created.

Supervising Unions.—The Unions are the supervising bodies organised for the purpose of propaganda, education and also for exercising general supervision over the working of affiliated societies. In order that these institutions be enabled to perform their functions more efficiently, statutory provisions have been recently introduced in the Co-operative Societies Act and the Rules thereunder for the compulsory affiliation of societies and for the levy of supervision fees. With the registration of 3 more unions the number of unions rose from 9 to 12 and all these have been reorganised on a regional basis. Besides getting an enhanced subsidy from Government, the unions can now levy a supervision fee at the rate of 1 anna per Rs. 100 of the working capital of their affiliated societies subject to a maximum of Rs. 50 in respect of each such society. The introduction of these reforms, it is hoped, will strengthen these institutions and enable them to perform the important functions which are expected of them.

The Cochin Central Co-operative Institute.—The Institute is the non-official federal body and is the chief exponent of co-operative public opinion in the State. It controls the working of the unions, and generally promotes the common interests of the movement. The most important activities of the Institute are ; (1) the publication of the monthly journal on Co-operation. (2) maintaining a central library and reading room, and (3) arranging co-operative conferences and lectures. As in the case of the unions, the Institute is proposed to be reorganised on a more efficient footing with liberal subsidies from Government. The scheme is now under the consideration of the Government.

GROWTH AND PROGRESS OF CO-OPERATIVE MOVEMENT IN SANGLI STATE*

Early history.—The co-operative movement took its root in the Sangli State as long ago as 1910. At first, the Assistant Revenue Officer was in charge of the working of the Department. In 1925, the number of societies had increased and, in the interest of the movement, the Sangli Government thought it advisable to organise a separate department to take care of the movement. The department was, therefore, separately organised in the year 1926 and the late Mr. S. H. Talwalkar whose services were taken on loan from the Government of Bombay, was appointed as the first Registrar of Co-operative Societies in the State. In the year 1927 there were in all 32 co-operative societies consisting of one bank, *viz.*, the Sangli State Central Co-operative Bank, 29 agricultural and 2 non-agricultural societies, having a total membership of 2,718, reserve fund of Rs. 18,000 and working capital of Rs. 71,234.

Further growth.—During the period of next ten years, *i.e.*, from 1927 to 1938, the movement throve well and by the end of 1938 the number of societies increased to 87, consisting of 4 banks, 74 agricultural, 7 non-agricultural societies, 1 co-operative union, 1 co-operative institute. The membership, reserve fund and the working capital increased to Rs. 8,981, Rs. 1,25,989 and Rs. 11,59,542 respectively.

Till 1938, the Co-operative Societies Act II of 1912 and the Rules thereunder were made applicable to the Sangli State *mutatis mutandis* for the working of the societies. But for the better working of the movement, it was thought necessary to have a separate enactment for the State. A Bill known as the Sangli Co-operative Societies Bill was introduced and passed in the Sangli State Legislative Assembly in the year 1938. On its getting assent of His Highness the Raja Saheb of Sangli, it came into effect on 15-9-1939, known as the Sangli Co-operative Societies Act III of 1939.

At the commencement of the year 1945-46, there were four banks, 1 institute, 1 union, 95 agricultural credit and non-credit societies and 22 non-agricultural societies. During the year 1945-46, 14 agricultural credit societies, 1 agricultural non-credit society, 1 non-agricultural society and 2 non-agricultural non-credit societies were registered making a total of 4 banks, 1 institute, 1 union, 105 agricultural credit societies, 2 Sale societies, 1 Agricultural society of other form, 2 Grain societies, 4 Salary Earners' societies, 1 Producers' Co-operative Association, 4 Co-operative stores, 1 Co-operative housing society, 4 Co-operative consumers' societies, 1 Co-operative leather workers' society, 4 Weavers' co-operative societies, and 6 other non-agricultural societies.

*Note supplied by the Registrar of Co-operative Societies, Sangli.

The following figures show their working :

Year.	No. of societies.	No. of members.	Share capital.	Reserve fund.	Working capital.
			Rs.	Rs.	Rs.
1944—45	123	13,080	3,68,455	3,65,024	23,22,256
1945—46	141	14,599	4,54,802	3,70,375	40,14,490

Financing of the Societies.—The Sangli State Central Co-operative Bank advances loans to almost all of the societies except those in the Mangalwedha Taluka of the State. The membership of the Bank is 209 while the figures of the share capital, the statutory reserve and the working capital of the Bank are Rs. 71,220, Rs. 51,256 and Rs. 8,90,879 respectively. The Mangalwedha Taluka Co-operative Bank advances loans to the agricultural societies in the taluka. In the Mangalwedha Taluka there is one land mortgage bank ; but it is not thriving well.

Audit.—The Sangli Government have appointed one Auditor and one Sub-Auditor to audit the accounts of the co-operative societies in the State.

Supervision.—The supervision, especially of the agricultural credit societies is made by the Sangli State Co-operative Supervising Union. The strength of the superior staff of the union is 1 supervisor, 3 assistant supervisors and 1 clerk.

Aid by the Sangli Government.—A Special Recovery Officer was appointed by the Sangli Government with a view to help the societies in their recovery work. The Sangli Government make necessary contribution towards the funds of the Sangli State Co-operative Institute and also of the Sangli State Co-operative Supervising Union every year to enable the institutions to function well.

CO-OPERATIVE SOCIETIES IN KOTAH STATE*

Retrospect of the Co-operative Movement.—His Highness's Government started the Co-operative Movement in Kotah State in 1916. Probably Kotah State was one of the first in Rajputana to launch the scheme of co-operative credit for the benefit of agriculturists. The movement has been steadily progressing in volume as well as in variety and during the last 30 years, as will appear from the facts and figures given below and the credit for the encouraging measure of progress achieved by the Department in this respect in spite of dangers, difficulties

* Note supplied by the Registrar of Co-operative Societies, Kotah.

and periods of threatening Depression goes more to the sympathetic and sustained interest of His Highness's Government in the success of this Nation-building Department than to any other single factor.

Number, distribution and classification.—At the close of the last financial year, *i.e.*, on 31-7-46, there were 515 co-operative societies in all with a membership of 7,885. Besides these, there are 48 agricultural credit societies under liquidation whose registration has been cancelled, but from whom dues are being slowly realized, taking care not to ruin the agriculturists.

The 515 co-operative societies are classified as under :—

Kind of societies.	No. of societies.	No. of members.
Agricultural Thrift & Credit societies ...	442	3,355
" Seed & Grain societies ...	5	325
" Better Living societies ...	9	339
" Sale Purchase society ...	1	474
Harijan Thrift & Credit societies ...	5	36
State Employees' Thrift & Credit societies.	5	2,109
Industrial Co-operative societies. (Weavers' & Leather workers) ...	48	1,247

Qualitative classification.—Agricultural Credit and Thrift Societies (442 in all) are classified as under :

A	Very Good Societies ...	10
B	Good ...	87
C	Ordinary ...	300
D	Bad ...	45

The Financing Agency.—The Kotah State Co-operative Bank which is a share-holders' bank is entrusted with the financing of co-operative societies. This bank was started in 1927 and enjoys several privileges from the State, in the matter of free transfers of cash from the State and overdraft advance from the State Treasury at a nominal rate of interest.

The bank charges 6 per cent per annum on all advances to the societies, and societies usually charge 3 per cent to 9 per cent on loans to their members. Members of new societies are required to pay 9 per cent for the first 10 years while A and B class societies generally charge 3 to $4\frac{1}{2}$ per cent, C and D class societies charge 6 to 9 per cent as the Registrar considers to be reasonable in the best interests of the societies concerned.

The Credit & Financial Position of the Societies.—The total working capital of the agricultural thrift and credit, unlimited liability societies was Rs. 8,54,568 at the close of the year, *i.e.*, on 31st July, 1946. Loans advanced to members by the societies during the year amounted to Rs.-1,77,711 and the amount realized is Rs. 2,97,644 against the total outstanding dues of Rs. 6,39,805.

Liabilities.	Rs.	Assets.	Rs.
Loans from the bank ...	1,27,715	Loans due ...	6,10,258
Share money ...	1,51,438	Shares of the Co-opt. Bank ...	46,400
Reserve Fund ...	4,57,888	Shares of Seed Soc. ...	20,025
Deposits ...	2,127	Mis. investments ...	4,127
Other funds ...	9,267		
Profit ...	96,070	Loss ..	6,262
Surplus deposit of members...	10,565	Surplus in the Bank ...	1,67,498
Total ...	8,54,568	Total ...	8,54,568

Out of the total working capital, the amount borrowed from the bank by limited and unlimited societies was Rs. 1,81,153 against which the societies had a surplus deposit of Rs. 1,76,511, which means that after meeting all their requirements the societies had a net surplus of Rs. 45,358 with the bank.

Prospects.—The Co-operative Movement in Kotah State, as elsewhere, did concentrate itself on the credit side of co operation only in the earlier stage, but other aspects of rural economy have not been completely neglected, as is evident from the facts and figures given in the fore-going paragraphs. All round expansion of co-operation has been planned by the Co-operative Department and it is proposed to double the number of societies within the next five years and also to widen the range of co operative activities in different directions. The work of starting agricultural sale and purchase societies, industrial societies, particularly those of weavers', housing societies, *Gram Sudhar* and better living societies, and co-operative stores has already been taken in hand and the total number has already increased by about 40 since 31-7-46 upto which date figures have been given above. A drive for the insurance of the lives of agriculturists is also contemplated and the proposal to introduce compulsory insurance of State employees of all cadres through a co-operative insurance society, if possible, is under the examination of the Government.

Rehabilitation, consolidation and expansion are going on side by side. Trained staff is absolutely essential for success in this difficult task. For this purpose His Highness's Government have started deputing candidates for inspectors' training in U.P. on stipendiary basis, so that in a few years all our inspectorial staff will be properly trained in the methods and technique of co-operative work.

CO-OPERATIVE MOVEMENT IN HOLKAR STATE*

Started in 1914 the Co-operative Movement in Holkar State has to-day assumed large proportions, particularly in regard to the aggregate number of societies, their membership and working capital.

Ending June 1945 the total number of societies rose to 950, their total membership has increased to 37,466 and the total working capital of the movement has reached Rs. 95,60,467. To-day the total number of societies is 1,026, which consists of the following :—

1 The Chief Co-operative Central Bank, 1 Agricultural Co-operative Development Association, 5 District Central Banks, 1 Central Co-operative Marketing Union, 891 Primary Agricultural Co-operative Credit Societies, 20 Weavers' Societies, 17 Better-living Societies, 25 Grain Societies, 12 Multipurpose Societies, 1 Multipurpose Union, 8 Other types of Societies, 26 Urban Co-operative Credit Societies in the Indore City, 3 Urban Co-operative Credit Societies in Districts, 4 Educational Societies, 6 Stores, 1 Housing Society, 3 (Thrift) Family Benefit Fund Societies, 1 Co-operative Insurance Society. Total Societies 1,026.

Taking that, on average, a family consists of 5 members about 12.4 per cent of the population of the State has been served by the co-operative movement. The rural movement has been started so far in about 23 per cent of the villages of the State. From the point of view of membership and the working capital, the urban side of the co-operative movement in Holkar State is nearly equal to the rural side of the movement, which is rarely found.

In common with the rest of India the credit side of the movement predominates in Holkar State. The non-credit side of the movement and linking of co-operative credit with marketing and supply is also being attended to to the extent possible as a result of which societies like the Central Co-operative Marketing Union, the Agricultural Co-operative Development Association, the co-operative multipurpose societies and co-operative better-living societies have sprung up.

Following are some of the special war-time activities undertaken by the co-operative movement in the State.

The Indore Premier Co-operative Bank has been rendering service for the last 4 years by purchasing and stocking wheat and supplying it under controlled arrangements of the Government. The Indore Parasper Sahakari Pedhi, the Pioneer Urban Co-operative Society, along with others have been rendering service in the matter of distribution of foodstuffs and other controlled articles amongst members. The Swadeshi Co-operative Store and a few other societies have been rendering service in the matter of distribution of cloth under controlled arrangements of the Government. The co-operative institutions in the State also gave good response to the

*Note supplied by the Registrar of Co-operative Societies, Indore.

of business transacted by these societies. Loans were granted mainly for the purchase of cattle, seed and manure, payment of land revenue and for improvement of land and liquidation of old debts. Nearly half the amount borrowed year after year was utilised for the purchase of cattle.

TABLE I.

Working of Agricultural Societies.

	1924-25	1929-30	1934-35	1938-39
No. of Societies ...	2,182	3,820	4,241	3,913
No. of members ...	36,664	67,889	74,544	75,963
(*lakhs of Rs.*)				
Loans made to individuals ,,	15 6	15.8	8.0	12 2
Loans due by individuals ,,	22.4	47.5	49.2	50.7
Of which overdue ,,	6.2	27 0	39.1	35.3
Working capital ,,	6.9	20.0	30.8	33.2

TABLE II.

Working of Banks.

	1924-25	1929-30	1934-35	1938-39
Individual members ...	3,447	3,592	2,756	2,620
Societies as members ...	1,976	3,495	3,958	3,975
(*lakhs of Rs.*)				
Loans made to societies ,,	16.0	15 8	8.8	11.8
Loans due by societies ,,	21.0	40.2	41.4	35.0
Working capital ,,	27.8	64.9	69.2	60.4

Agricultural co-operation in the State was confined only to the credit societies and the movement made little progress in the urban areas during the pre-war period. Most of the non-agricultural societies organised were intended to provide credit for persons of small means like the petty weavers and salary earners residing in towns. The total number of urban societies in 1938-39 were 61 with a membership of 865 of whom 45 were credit societies, 5 were producers' societies 2 were formed for sale and purchase. The loans made by these societies in that year were Rs. 21.5 thousands with a total dues amounting to Rs. 96.9 thousands

The war period witnessed a steady all round progress of the co-operative movement in the State. New societies covering different aspects of co-operation have been established and a large number of the societies that were not functioning satisfactorily have been liquidated. The urban

population which was so long keeping aloof has slowly entered the fold of this movement. The number of non-agricultural societies increased rapidly reaching a figure of 200 by 1945-46 with a total membership of 7,126. Seventy-five of these are credit societies, whereas the remaining 125 have been formed for different purposes: 22 for salary earners, 10 sale societies, 12 consumers' societies, 60 producers' societies, 8 depressed class societies, 10 housing societies, one land mortgage bank and 3 general societies.

Special mention must be made here of the striking progress of the producers' (weavers) societies which were before insignificant in number and purely credit in nature. Of the 60 industrial co-operative societies organised in 1945-46 no less than 55 societies have been formed by the handloom weavers. Through arrangements made with the textile department yarn is obtained and supplied to the members of the societies who make available in return the cloth produced at 'just price.' The total membership of these weavers' societies is 1,285 and as one member from each family can be a member of these societies, this movement is helping on an aggregate 6,425 people, assuming the average size of a family to be five. Yarn worth Rs. 2.79 lakhs has been supplied to these societies during the year 1945-46.

The working capital of the non-agricultural societies during the year 1945-46 was Rs. 10.77 lakhs with the members' deposits amounting to Rs. 2.43 lakhs and bank loans of Rs. 5.27 lakhs. Of the total amount of Rs. 9.47 lakhs due this year 95 per cent was recovered leaving only arrears of Rs. 48,000. Loans granted by these societies amounted to Rs. 4,48,584 of which Rs. 3.88 lakhs were advanced for trade and commerce, Rs. 26,000 for acquisition and improvement of property and Rs. 31,000 for other purposes.

An important development of the co-operative movement on the agricultural side is the formation of grain stores organised mainly for distributing grain to members. These societies numbering 141 in 1945-46 had a total membership of 2,608 and the volume of transactions of these stores consisted of 6,310 maunds of grain and a sum of Rs. 1,873 as assets and 5,560 maunds of grain and a sum of Rs. 1,796 as liabilities for that year.

There were 3,827 agricultural societies with a total membership of 71,470 in 1945-46. Of these 3,706 were credit societies having 68,762 members with a total working capital of Rs. 61.15 lakhs and a membership deposits amounting to Rs. 1.71 lakhs. Out of the total demand of Rs. 34.62 lakhs the societies recovered Rs. 16.73 lakhs, leaving an arrears of 54.9 per cent of the dues, besides collecting an amount of Rs. 4.36 lakhs towards the interest from members. The percentage of unauthorised arrears to demands decreased by 12.5 per cent in the total figure for the State and the percentage of bad and doubtful debts also indicated a fall from 12.8 per cent to 10 0 per cent this year. Loans advanced during the year amounted to Rs. 20.77 lakhs of which 89.4 per cent were for productive purposes, including Rs. 17.8 lakhs advanced for agricultural purposes and Rs. 80 thousands for land and well improvements. Advances for non-productive purposes, include Rs. 80,000 for maintenance of family and Rs. 48,000 for redeeming old debts. The general increase in loans advanced during the year 1945-46 is due to the fact that societies long lying stagnant and whose members had stopped dealing with them commenced work once more.

TABLE III.

Co-operative Societies and Banks in 1945-46.

		Agri-cultural societies.	Non-Agri-cultural societies.	Banks.
Number ...	...	3,827	200	15
No. of members ...	...	71,470	7,126	6,389
Working capital	(*lakhs of Rs*)	61.15	10.77	98.14
Amounts due	"	84 62	9 47	29.41
Arrears	"	19.00	0.47	10.53
Percentage of recoveries	"	45.1	94.9	64.1
Interest realised	"	4 86	0.84	2.09
Loans made	"	20.77	4.49	16 10

Special type of co-operative societies have been organised for the primitive tribes of *Bhilala* community numbering 177 with a membership of 811. These function as consumers' societies distributing cloth, gur, sugar and other commodities to their members and non-members at moderate prices, thus wielding indirect influence in checking the havoc wrought black markets. Attempts are also being made to organise producers,' consumers' and sale and purchase societies in the State. The success of these depends to a very large extent on the encouragement given by the different departments in showing priority to the co-operatives.

Consequent on the amalgamation of a few paragana banks, the total number of central banks has been reduced to 15 from 18. The membership of these banks includes 2,508 individuals and 3,881 societies. An all-round progress is noted in the working of these banks. There has been an increase in the number of affiliated societies as well as in the advances made to them in the current year. Out of Rs. 29.41 lakhs due for the year 1945-46 Rs, 18.87 lakhs were recovered leaving arrears amounting to 35.8 per cent of the demand. Although details were worked out in 1941-42 for establishing an Apex Bank that will integrate the functioning of the central banks of the State, due to the serious turn of war the question of launching of this Bank was postponed.

Although the co-operative movement in the State has recorded an all round progress during the war period still the audit reports reveal the necessity of a careful reorganisation of many societies in order to establish them on sound basis. Of the 3,664 agricultural and 95 non-agricultural societies classed during the year, those belonging to the A and B classes were 139 and 19 societies, showing that only 3 7 per cent and 20.4 per cent of these societies can be considered good. The co-operative movement in the State must be directed towards the establishment of different types of societies besides rectifying the defects in the existing organisations.

CO-OPERATION IN MYSORE *

The number of societies of all classes at the close of the year 1945-46 was 2,526. Eighty-six societies were registered and the registration of 60 societies was cancelled, so that the net increase in the number of societies during the year was 26. The progress achieved by the societies during the year is reflected in the increase in their membership, working capital, deposits and reserve fund. They had a total membership of 2,26,595 with a share capital of Rs. 75,80,679 and a total working capital of Rs. 3,63,88,094 including deposits amounting to Rs. 1,69,09,315 and the reserve fund built up by them amounted to Rs. 43,84,350. The profits earned by the societies, however, decreased from Rs. 8,94,582 in 1944-45 to Rs. 8,70,322 in the year under report. The decrease in net profits of the agricultural and non-agricultural societies is attributed to the fact that many of the societies ceased to deal in the purchase and sale of foodstuffs and that the loan transactions also decreased considerably.

Central Institutions :—There were four Central Banks at the end of the year. As in previous years, the Apex Bank continued to be the sole agency for the grant of short and intermediate term credits to the affiliated Primary Societies and for the financing of all House-Building Societies in the State. The working of this Bank showed improvement under almost all heads. There was a noticeable improvement as regards loans outstanding against the members and the recoveries during the year.

Primary Societies—Agricultural :—The number of these societies was 1,803 excluding 75 Land Mortgage Co-operative Societies, with a total membership of 89,412 and a total working capital of Rs. 53,72,722. Of these societies, 1,664 were ordinary credit societies, 27 agricultural supply societies, 46 marketing societies, 28 grain banks and 38 miscellaneous societies. The working of the Grain Banks is reported to be not satisfactory owing to unfavourable seasonal conditions and the passing of the Grains Procurement Order by Government.

Non-Agricultural Societies :—The total number of these societies at the end of the year was 643 including 416 credit institutions, 151 consumers' societies, 47 weavers' societies and other industrial societies and 7

*Extracts from the Administration Report of the Co-operative Department, 1945-46. (*Mysore Economic Journal*, March—April, 1947).

miscellaneous types of institutions. They had a total membership of 1,22,420 and a total working capital of Rs. 2,17,04,542. Besides the consumers' societies, as many as 480 ordinary credit societies, both in urban and rural areas, undertook the distribution of controlled articles and food-grains. The Departments of Food and Civil Supplies have recognised these societies as suitable agencies for the distribution of consumer goods to the public. The appreciation by the public of the services rendered by these institutions, as evidenced by the incessant demand for membership in the well-established consumers' societies and for more societies of this type even in the rural areas, is a hopeful augury for the expansion and development of distributive co-operation.

The Employees' Societies, numbering 200, also did good work in this direction. Of the Depressed Class Societies, the Chickkanahalli Cobblers' Co-operative Society, the Doddasiddavvanahally and Sondekola Adi-karnataka Societies have registered good progress during the year. Some of these societies deputed their members to the Bangalore Industrial Schools for training in the manufacture of leather goods. The improvement of this class of societies, to absorb all skilled workers, is engaging the attention of the department.

Land Mortgage Scheme:—Besides the Mysore Central Co-operative Land Mortgage Bank, Ltd., 75 Primary Land Mortgage Societies were functioning at the close of the year in 72 taluks and 3 sub-taluks and a portion of a taluk. Both the Land Mortgage Bank and the Land Mortgage Societies have worked satisfactorily in spite of adverse conditions. Since its inception, the Bank has sanctioned long-term loans amounting to Rs. 35,76,672 in 3,205 cases; and the amount actually disbursed in 3,099 cases amounted to Rs. 34,25,057.

Co-operation in Malnad:—There were 443 societies including 17 Land Mortgage Societies, functioning in the Malnad. They had a total membership of 35,712 with share capital, deposits, and working capital amounting to Rs. 9,88,708; Rs. 10,75,356 and Rs. 49,57,944 respectively. The reserve fund of all the societies amounted to Rs. 6,30,780 and they earned a net profit of Rs. 1,73,527 during the year.

Small Savings Scheme.—This scheme was introduced in August 1944, and a Special Officer of the grade of Assistant Registrar was sanctioned to assist the Registrar in the work connected with the scheme. It is satisfactory to note that the scheme has proved quite a success as is evidenced by the purchases of National Savings Certificates to the value of Rs. 28,16,085 up to the end of June 1946. The scheme is reported to be gradually becoming popular and the Registrar is requested to continue to devote special attention to making it more popular particularly among the rural folk.

CO-OPERATION IN RAYALASEEMA (MADRAS)

BY

K. C. RAMAKRISHNAN.

*The Report of the Rayalaseema Co-operative Enquiry Committee** (1945-46) has not received the publicity that it deserves. The report is very ably written, evidently by the Chairman of the Committee, Sir N. Gopalaswami Ayyangar, to whom the other members of the Committee pay a high tribute. It is concise in the narration of facts, incisive in the criticism of the working of institutions and bold in its recommendations, unmindful of co-operative conventions and popular prejudices. The conclusions and recommendations relate only to Rayalaseema comprising the four "Ceded Districts" of Madras-Deccan and Chittoor. But they may be found applicable to a wider region where similar conditions obtain - a precarious rainfall and a backward peasantry.

Rayalaseema is notoriously famine-ridden, a famine occurring every fourth year. People are tradition-bound, fatalistic and look askance at any idea of agricultural or co-operative development. Even the phenomenal rise in prices of the last four years has been of little avail to them, because of a series of unfavourable seasons. Co-operation could not thrive on this soil. There were only 1,314 agricultural credit societies lending Rs. 5.75 lakhs per year. Many of these societies had not borrowed for one or two years; several were moribund for a longer time. Well-to-do members were withdrawing from societies for fear of enforcement of unlimited liability. The proportion of overdues to outstandings was high—68 per cent, though it was 83 per cent in 1936-1937. Many Panchayatdars were themselves defaulters. There were 11 land mortgage banks, almost all in irrigated areas. Only Rs 20 lakhs had been disbursed as loans in ten years. There was no default in repayment by instalments, because of excessive caution in the grant of loans. The lending rate (6 per cent) was far too high, compared with debenture rate (3 per cent) and there was inordinate delay in the sanction after application—often 12 months. The record of Scheduled class societies was "black in the extreme in every respect". There was hardly any business done in the last ten years. The District Central Banks neither supervised nor stimulated primaries; they were fulfilling no function but making credit unnecessarily costly. Marketing societies only offered credit on the pledge of produce, but did little to help the sale of produce of members. Rural stores were a product of the war and control regime; they might not survive decontrol. The Committee felt that the movement should be overhauled and remodelled and suggest the lines on which it should be done. Following are the main recommendations, with some running comments of our own.

*The Superintendent, Government Press, Madras 1946. Rs. 3-12-0.

The first among the recommendations is that all agricultural societies should be converted into full-fledged multipurpose societies, that all new societies should be multipurpose and that at the end of five years, 50 per cent of the villages in Rayalaseema should have each a multipurpose society. We are not sanguine about the attainment of this target in the environment which has been pictured to us. Nor are we convinced of the soundness of combining all or several functions in one society, unless the leadership in the village is excellent. The idea of multipurpose is not new at all: it is as old as Raiffeisen who tried it in Germany, but his followers had to give it up, while societies fostered by Haas with single or dual purpose (usually credit and supply) were more successful and copied in Europe.[1] Japan and China tried multipurpose more recently; but they have not been in the opinion of intimate observers like Strickland and Campbell, conspicuous successes.[2] They are indeed a warning to us not to attempt too much. This is not to say that we must stick to single purpose and cannot combine one or two additional functions to the main one of credit or marketing, especially in the special crop societies (of growers of cotton groundnut, sugarcane, etc.)

Raiffeisen's rule of 'one village, one society' is recommended. It may be allright in Ceded Districts where villages are far apart, though it might not work in a faction-ridden or one-man dominated village. The Committee is unreservedly—no member dissenting[3]—for the abolition of unlimited liability, which is sound as an ideal but ill-understood and ill-worked in practice. Prescription of reserve liability to a maximum of 10 times the paid-up share capital would be hard to enforce in certain cases. The adoption of "continuous guarantee bond system", which is favoured, would be more practical and safe and convenient if credit were based on mortgage of a piece of land or house by individual borrowers. The employment of full-timed or part-timed staff is recommended, as honorary management has proved a failure generally. These are departures from the high ideals of Raiffeisen; but they cannot be helped, in the interests of rehabilitation.

In view of the frozen debts of members in several societies, a suggestion has been made that debts should be scaled down so as to be within their repaying capacity. Similarly, debts of societies to central banks should be scaled down too. The Government should come to the rescue of the latter. Without such a scaling down, several societies would have to be wound up. Another central recommendation is that the rate of interest

[1]Cahill, *Report on Agricultural Credit and Co-operation in Germany*, pp. 68 69.
J. A. Venn, *Foundations of Agricultural Economics*, pp. 323.

[2]C. F. Strickland *Co-operation in India*, pp. 42.
W. K. H. Campbell *Co-operation for Economically Undeveloped Countries*, pp. 71-75.

[3]One member of this Committee wrote a strong dissenting minute disapproving of limited liability when he was a member of the Committee on Co-operation in Madras (1939-40) vide Report, pp. 387-392.

should be brought down to 4 per cent for long-term and 4½ per cent for short-term, in view of the low return from agriculture and the low economic condition of ryots in the area. This is a large question involving the agricultural policy of the State, whether the rest of the country is prepared for ever to subsidise agriculture in a depressed area. If the complaint is only against the wide margin between the borrowing and lending rates of financing banks, the rate of interest for the ultimate borrower need not be fixed like that, but made to move with the money-market rate.

The most drastic recommendation of the Committee is the abolition of the district central banks, as they are said to be costly and unnecessary intermediaries, substituting in their place branches of the Madras Provincial Co-operative Bank with local advisory committees, which would help reduce the rate of interest to the ultimate borrower. This question was discussed in detail by the Madras Committee on Co-operation (1939-40)[4] and the conclusion arrived at was that, for a variety of reasons, central banks should continue as the Directors could be more easily roused by a sense of local pride and they do attract local deposits. The central banks act as shock-absorbers in the co-operative credit structure. Two storeyed financial edifice is quite common in the bigger countries. It is better to improve the central banks than bring in branches of the apex bank with a costly office and inspecting staff. Supervision may be better entrusted to the proposed propagandist staff of District Unions than to officers of the State, as is recommended by the Committee. To combine audit (still a statutory function of the Department) and supervision is even less desirable than combining finance and supervision.

Primary land mortgage banks come in for a more scathing criticism and are condemned to extinction as they serve no purpose, are "mere post offices," and add to the cost of credit to the borrower. The real work of enquiry is said to be done by the Co-operative Sub-Registrar with little or no help from local directors. Practice, however, varies. Directors of primary banks in Tamil districts do take more live interest not only in the preliminary enquiry but in the collection of instalment dues. The ill-paid Supervisor is also helpful throughout If the Central Land Mortgage Bank is to deal directly with borrowers, as recommended by the Committee, but with the assistance of a local advisory committee and a branch manager who will be necessary, expenses are not likely to go down; only, responsibility will be less for the committee members. It is better to avoid too much of centralisation. The Committee recommends loans to be given only to members of village multipurpose society, which must enquire and recommend the application as "it is the most appropriate agency". This appears to us to be too arduous a task for a multipurpose society, to take up enquiry into title, encumbrances, market value, repaying capacity, etc., especially on the top of other duties. Loans up to 75 per cent of land

[4]Vide Report pp. 218-216.

value are recommended on wet land and 60 per cent on garden land which, apart from inflated values at present, would leave little margin for a second loan to be given by the village society, as recommended.

Marketing societies, the Committee hopes, will do more marketing if godowns are built for them with more Government grant. We are not sure if this will have the effect intended, as growers seem to be too much in the hands of merchants.

Rural stores, the Committee fears, cannot long survive by themselves, and therefore suggests their amalgamation with local multipurpose societies, while in semi-urban areas District Wholesales may open branches. Starting of a Provincial Wholesale store, which may link itself with the Provincial Marketing Society, is recommended. But the latter has been doing more store business than marketing of produce of affiliated sale societies and so may feel some loss of business.

The Committee was asked to report on the scope for organizing cottage industries on a co-operative basis. No new light is thrown on the present position of any cottage industry. An up-to-date survey of industries is recommended. Hand-spinning, it is suggested, may be tried on a co-operative basis, though it has not been a success in spite of Government support.

Weavers' societies had their hey-day during the War, when there was a demand for all sorts of woven goods; but they are languishing, especially after the suspension of standard cloth scheme. Management by Departmental Officers is expected to tone up their business.

Joint farming on co-operative lines by demobbed men with ownership of land vested in the society, but with occupancy rights heritable, has been recommended, in the new (Irrigation) Project areas. In older villages co-operative farming (on the lines more or less of Mr. Tarlok Singh's scheme)[a] by erstwhile owners of land transferring their ownership to the society for shares of equal value, which would entitle them to a share of the net surplus in addition to wages for work done if any, is advocated. We are not sure whether many old owners of land will come forward to work the scheme in spite of the vague tradition of common cultivation, crop protection, etc. Self-directed owner-farming, we are afraid, has taken too deep a root for any voluntary surrender of ownership in favour of co-operative farming.[b]

In spite of these differences in points of view, we feel that the report of the Committee is stimulating and is well worth a close study by agricultural economists as well as co-operators.

[a]As outlined in his *Poverty and Social Change.*

[b]Vide Article as *What is Co-operative Farming?* in the *Indian Co-operative Review.* 1946, XI pp. 141-9.

REVIEWS

THE FUTURE OF THE CO-OPERATIVE MOVEMENT IN INDIA *by Anwar Iqbal Qureshi* (*Oxford University Press 1947, pp. 166.* Rs. 6.)

There is a good deal that is astounding in this book by one who claims to be a friend of the Co operative Movement. It deals more with the past than with the future of the movement, and draws its inspiration from the practices of the English speaking countries, which are not safe guides in Agricultural Co-operation for a country like ours with a wholly different economic and social set-up. It is to the countries in Continental Europe, where small holders abound and have made a tremendous success of Co-operation in every phase of it, that we must look for our models.

Dr. Qureshi condemns our small credit societies for failing to tap local deposits and recover loans in time, though he admits Depression as a legitimate excuse. The recent rise in prices has helped members to clear off old overdues; and District Banks are flush with money, for which they are searching for proper outlets. He rightly feels that unlimited liability must go. But some of our leaders long ago felt this, and most of the rest have veered round to this view now. It is the Reserve Bank that was the champion of the orthodox view for about ten years, though it has now given up the fight. Curiously enough, Dr. Qureshi assigns to our village societies the function of granting interest free loans for socially necessary but unproductive expenditure like marriages. And it is to the *Sahukars* that he assigns the role of lending for short-term needs in agriculture—just the reverse of the view held by Co-operators. Grant of long-term credit, Dr. Qureshi holds, should no longer be entrusted to co-operative land mortgage banks but should be taken up by the State, on the ground that the margin between borrowing and lending rates could then alone be brought down to one per cent from 3 per cent—for which our banks are not responsible—and that the delay in grant of loans after application would be reduced—a vain hope. It has been the fashion for sometime now to cry down the primary land mortgage banks as unnecessary intermediaries. That this is a wrong view is the clear verdict of Sir M. Darling, who has had a wider and larger experience.

Our author recommends that the Reserve Bank should control all Co-operative Credit Institutions (and perhaps non-credit societies also) a rôle which zealous co-operators will not allow it to take over. Its offer to lend at less than bank rate for co-operative marketing has not been availed of by Provincial Co-operative Banks, which have ample funds of their own and will not submit to conditions stipulated by the Reserve Bank.

The chapter on Co-operative Marketing is very long; but it deals largely with conditions in Australia, New Zealand, South Africa and United States; which are so different from ours. There is little about our sale societies for cotton, sugarcane, groundnut etc., which have done good work, not quite insignificant even considering the magnitude of the problem.

On consumers' societies again, we get a long summary of a well known work on the movement in Sweden. On the stores of India, which have multiplied many times during the War, we get only two pages.

The figures relating to the working of societies are five years old; more recent figures could have been obtained from the Indian and Provincial Co-operative Journals.

DEVELOPING VILLAGE INDIA. *Edited by U. N. Chatterjee.* (*Indian Council of Agricultural Research—New Delhi, pp. 291.*)

This is a special number of the popular monthly *Indian Farming*. It is beautifully presented on art paper with a number of fine illustrations, thanks to the organising capacity of Mr. M. S. Randhawa, the Secretary of the I. C. A. R. Experts have contributed, each in his own special subject, on a variety of topics—Agriculture and Nutrition, Horticulture, Animal Husbandry, Cottage Industries, Health and Sanitation, Village Panchayats, Education and Culture. Not all the articles can claim excellence. But most of them, the lay reader will find interesting and instructive.

Co-operators will be directly interested in the solitary contribution on co-operation by Messrs. Mohammad Absan and Zahir Hussain who write on the Range of Co-operative Societies—but all confined to the Punjab, of which they have ample experience, being members of the Co-operative Department of the Province. The achievements of the societies for the consolidation of holdings and for *better farming* are particularly noteworthy. The failures in other fields are not talked about, *e.g.*, attempts made to organise long-term credit, marketing produce, supply of domestic requirements. Future possibilities are indicated for co-operative endeavour *e.g.*, cottage industries, fruit culture, bee-keeping, etc. It is a pity that there is no contribution from Provinces which have made a success of long-term credit, co-operative sale, co-operative stores, handloom weaving etc.

STATISTICAL STATEMENTS RE: THE CO-OPERATIVE MOVEMENT IN INDIA FOR 1943-45 (*The Reserve Bank of India, Bombay, 1947.* Rs. 3-8-0 or 5*sh.*)

This used to be an annual publication issued by the Government of India, and co-operators used to complain that it concealed, more than it revealed, the real state of affairs in the co-operative movement. The public expected more since it was taken over by the Reserve Bank of India. On the other hand, the publication has been delayed and the

figures of two years have been published together two years after the co-operative year 1944-45 closed,—on the ground that the Agricultural Credit Department was preoccupied with the work of some committees appointed by the Government of India. Nor did the latter communicate their views on the proposals for improvement of the publication said to have been suggested by a sub committee of Registrars' Conference held in 1944. Also, some of the Provinces and States would not send figures in time. "The statistical statements have therefore, been compiled in the usual manner"!

One serious defect has been that the dates of Co-operative year closing are not uniform in several Provinces and States. The end of every month from March to December in the year sees the closing of the Co-operative year in some Province or State. Figures of transactions, therefore, are not strictly comparable.

The whole emphasis is still on credit though for twenty years now there has been a good deal of talk and some actual development too of 'non-credit' activities. The student of Agricultural Co-operation looks in vain for details of supply or sale or production effected by *ad hoc* or multi-purpose societies. It is but natural that the Agricultural Credit Section of the Reserve Bank of India should continue to view everything from the point of view of credit. We wonder why this publication, on improved lines and amplified, should not be taken over by the All-India Co-operative Associations—as almost in every other country of the world such work is done by the national Co-operative organisation.

THIRTY YEARS OF CO-OPERATION IN INDIA 1915-45. (*The Reserve Bank of India, Bombay 1947.* Rs. 2-8-0.)

This is issued as a supplement to the *Statistical Statements* noticed above. It is intended to present to the lay reader a correct and attractive picture of the progress of the movement from 1915 to 1945 in charts, diagrams and graphs. These serve to show that the progress, though small, has been sure and steady, that there has been little retrogression, if not growth, of agricultural societies even in the years of Depression. Of the urban societies of all types, there has been more marked and unarrested progress throughout, which is not so well appreciated by readers in general. Lest they should grow complacent over the progress so far made, they are given an idea of the ground yet to be covered, considering the size of the country and the population concerned. More phases of the movement might be pictorially represented; but an excellent beginning has been made.

K. C. R.

COTTAGE INDUSTRIES AND THEIR PLACE IN OUR NATIONAL ECONOMY *by Munshi Lal Gupta, M.A., B. Com., A.S.A.S., R.A., (Bureau of Economic Research, P.O. Box No. 45, Cawnpore, U.P., pp. 23.)*

This is a small booklet on Cottage Industries, their importance in our economy and the need for active steps to revive them. The author draws attention to the success of cottage industries in Japan, and to the possibility, as well as the need, for a co-ordinated development of both large and small scale industries simultaneously in our country. He gives, from personal experience, good deal of facts regarding the small scale industries of the United Provinces, their difficulties and their remarkable contribution to war effort. He makes a vigorous plea for a thorough investigation of the field for cottage industries in the future, and their development on business-like lines with adequate Government support.

INDUSTRIAL CO-OPERATION, ITS POSSIBILITIES WITHIN A BALANCED MOVEMENT *by J. B. Tayler (Industrial Co-operators Library, 9, Bakehouse Lane, Bombay 1, pp. 44.* Re. 1.)

Mr. J. B. Tayler, Adviser to the Association for Advancement of the Chinese Industrial Co-operatives, is a well-known authority on co-operation. In this booklet he deals with what may be called the theory and philosophy of industrial co-operation from the modern point of view.

All over the world, even capitalist industry has come to recognise the need for a new attitude towards its workers as partners in industry and not as mere wage "hands". Hence the remarkable development of personnel management and the new industrial relations machinery. It should be obvious that industrial units organized on a co-operative basis, would be the ideal organizations from this point of view providing the basis for true democracy and responsibility, and therefore for efficiency too. They would create splendid opportunities for the fulfilment of the personalities of workers, for ensuring rewards on an equitable basis, and for drawing out the best in them. Industrial co-operatives will also provide the logical complement to consumers' co-operatives developed quite successfully in countries like Great Britain. Successful and efficient management of industrial co-operatives, as well as their co-ordination with consumers', agricultural, and credit organizations can be achieved by organizing the co-operative structure on a "federal" basis, territorially as well as functionally.

It is important to note that Mr. Tayler's case for industrial co-operation is not one for the uplifting of backward and inefficient industries, but for the organization of our economy on the basis of productive units which provide for efficiency, democracy and the preservation of human values. Co-operators should ponder well over this, before they suggest that *every* industry should be organized on co-operative lines.

The Industrial Co-operatives Organizing Committee are to be congratulated over the publication of this thought provoking book. Their forthcoming publications on the organizing and financing of Industrial Co-operatives, by the same author, will be awaited with interest.

T. SATYANARAYANA RAO.

FOOD CONTROL IN HYDERABAD, COORG, GOA AND KOLHAPUR, *by K. G. Sivaswamy and Dr. R. G. Kakade. (Servants of India Society, Madras, 14.* Rs. 2.)

This booklet of 74 pages contains a factual and critical account of the food policy and rationing practice of the Governments of Hyderabad (in extense) and of Coorg, Goa and Kolhapur (in brief). The book contains a lot of useful guidance for the authorities of these States to follow with a view to improve the procurement of food and its distribution in their respective States. The general student can benefit by knowing the rationale of rationing in these times of scarcity, its pitfalls, the methods of avoiding them, etc. It may be mentioned that Mr. Sivaswamy has covered a similar ground in his other publications on the subject regarding Travancore, Cochin, Malabar and Mysore so that a comparative estimate of the work done by a number of Governments in South India will prove of great value to those who wish well of the rationing scheme and want to make it a success.

AN ECONOMIC PLAN FOR MADRAS: SOME OF OUR ECONOMIC PROBLEMS *by Rao Bahadur Dr. B. V. Narayanaswamy Naidu, M.A. Ph.D., B. Com., Bar.-at-law. (M. Seshachalam and Co., Masulipatam and Madras.* Re. 1 each.)

These two booklets are reprints of Dr. Naidu's recent speeches. THE ECONOMIC PLAN was delivered in the form of three lectures to the students of the Annamalai University. The first is on Agricultural Development, the second on Industrial Development and the third on the Role of the State. These show a thorough grasp of existing facts about the present economic development of the Madras Presidency and the suggestions for improvement contained therein are both comprehensive and practical.

SOME OF OUR ECONOMIC PROBLEMS is a reprint of 11 radio talks delivered by the author from time to time. It contains a lot of information and suggestions on varied economic problems confronting us here and now in India, stretching from Food (to which three talks are devoted) to the Conquest of the Air and the worldwide economic problems created thereby. These are written in the usual lucid style which we associate with the writings of Dr. Naidu.

A word of praise is due to the Publishers for the nice printing and excellent get up of the books.

S. S. A.

SUPPLEMENT

THE SEVENTH ALL-INDIA CO-OPERATIVE CONFERENCE*

Held at Madras on the 10th and 11th May, 1947.

10th May, 1947.

When the Conference reassembled at 2-30 p. m. after lunch it converted itself into a Subjects Committee to consider the draft resolutions :

1. THE VOLUNTARY PRINCIPLE IN CO-OPERATION.

This was a subject which raised a lot of discussion amongst the members and many spoke for and against this.

MR. T. P. GHOSE (BIHAR) introduced himself as an humble worker of the Co-operative Movement for the last 33 years and had long experience in the movement. He said that on principle voluntary co-operation was preferable, but in certain cases, it was essential that compulsion should be used. From experience, he found that where a scheme for the improvement of the whole village was taken up, it so happened that for a few objectors in the village, the whole scheme fell through and the village including the objectors were deprived of the benefits, which the scheme would have brought, if successfully carried out for the whole village. There have been villages where, by making the village people join the society, marvellous improvement has been brought about, but where people did not join voluntarily, he thought the law should be amended in such a way that objectors might be compelled to join the society.

THE PRESIDENT said that according to their scheme there was no question of compulsion from the Co-operative Department and that their objective could be easily carried out.

MR. T. A. RAMALINGAM CHETTIAR said that he was second to none in stressing the need for the voluntary principle in co-operation. He would refer them to the relevant portion of his earlier address, which began 'It is a voluntary movement and you cannot have compulsion'. He fought for this voluntary principle at the last Registrars' Conference with greater vehemence. Mr. Gadgil brought the proposition that there ought to be compulsion. The Chairman might remember the proposal brought about in the last Registrars' Conference. He opposed it. There were certain things which had to be done as a whole. They had to see that a majority of the villagers become members of the co-operative society. After a lot of discussion, the agreement they came to was :

First, the Government should decide their policy. That was the first safeguard. The second safeguard was that the majority of the

* The Addresses (Opening, Welcome and Presidential) were published in the last issue of this *Review*.

villagers should be members of the co-operative society and if by a majority the members decided that a certain action should be taken, then they could impose that will upon all the members. There were cases in which this could be done. There were cases in which they had to invite members' views and secure agreement for a thing. If it were only a single case, it could be done but if they wanted a continuous course of action in which they wanted all of them to work, it was not possible. So, with these safeguards, probably they might function smoothly after the Government made a general declaration of policy in any particular matter, such as rotation of crops, etc., or any such single scheme.

A MEMBER FROM BIHAR said the discussion seemed to have reached a stage higher than that adopted in the Co-operative Planning Committee who merely set out that in certain cases the will of the majority could be imposed upon the others and work carried on. Did they mean to go one step further than the Co-operative Planning Committee ?

MR. M. R. BHIDE (REGISTRAR, CO-OP. SOCIETIES, THE PUNJAB) said that in the Co-operative Planning Committee, this matter was discussed at very great length and he was one of those who said that they should provide for some sort of compulsion. Another matter, that after all in a particular activity like consolidation of holdings no State could possibly take up all the work that could be done in their country in the next 10 years. In consolidating, theoretically the difficulty did exist. The problem was not of major importance. Firstly, the necessity of everyone coming into that particular activity must be accepted by the State. Secondly, a substantial number of people would want to do that particular work there on a co-operative basis. This was a compromise resolution, and it covered all possible fields of activity which they hoped to take up in the course of next 10 or 15 years.

MR. K. SUBBA RAO (RESERVE BANK OF INDIA) thought the resolution did not go far enough.

THE PRESIDENT said, that after Mr. Bhide's explanation, he thought they were all agreeable to the draft as it was already accepted by the Planning Committee.

RAO SAHEB K. NANJUNDIAH (COIMBATORE), opposing the principle of compulsion to be introduced in co-operative institutions, pointed out that the question was not whether, being co-operative institutions, they should resort to coercion, which was opposed to the fundamental principle of co-operation being a voluntary organisation of individuals. As legislators, rural welfare workers, or as administrators, one might try to coerce a section of the society, who were unwilling to see the good in a particular measure, which was really aimed at the maximum good of the maximum number of individuals. But their object as co-operators was not to arrogate to themselves that form of legislation for all. Co-operation after all meant a form of business organisation, and if the

State should resort to use co-operative organisation for enforcing any of its policies they could, if a majority of the members approved of it, lend their aid to work out such a measure. To press a majority view on all would be to convert the co-operative society into a coercive society. To cite an instance, some Congress Governments took to hand-spinning as an article of faith and if tomorrow a spinning co-operative society was going to be registered in a particular area, it might be good to persuade the other residents who have not joined the society already to join it. " But, would you, as co-operators like to be coerced and compelled to become members of this society and asked to spin ? " The other question of functioning as a State agency in certain measures was no doubt a very useful suggestion for co-operators.

A MEMBER said that he did not think they were subscribing to any compulsory character of the movement. He agreed with the previous speaker, that every one of them must agree to the fundamental principle, *viz.*, keeping to the voluntary principle of the movement.

MR. B.J PATEL (BARODA) averred that co-operation meant business and that under the existing conditions in this country, co-operation should be developed on purely voluntary lines.

MR. T. NARAYANA PILLAI (MADURA) said that, in the interest of the well-being of the people, the element of compulsion must be introduced in the field of co-operation at this juncture. This was well illustrated by the present arrangement, whereby the Government in Madras utilised the co-operative weavers' societies for the distribution of yarn, only to those who joined such societies as members, and marketing of the finished products was also arranged to be done only through these societies. This implied certain sort of compulsion in co-operation and was quite necessary. At the present time such compulsion, in his opinion, was not sufficient and more of such compulsion should be introduced. He therefore appealed to all to strongly favour such sort of compulsion.

MR. I.A. ALI (REGISTRAR OF CO-OPERATIVE SOCIETIES, BENGAL) said that co-operative societies were being regarded as the most suitable medium of economic planning. The huge development plans of the various Governments in the country, now under consideration, could very well be carried on a co-operative basis. Co-operation in this country was State-created, but the voluntary principle on which it was conducted was largely responsible for the backwardness in this country. In many provinces in India, the Co-operative Department was considered the least important of all departments. If only the Government planned and spent money on this department as in the case of other departments, then they would have made rapid strides of progress in co-operation by now. Again the present system of small peasant economy in the country was not paying. In order to make agriculture pay, Government had only to resort to collective farming to run on a mechanised and consequently paying basis. Government had to take the responsibility of improving the backward agricultural position in the country by resorting to legislation that would cover all agriculturists and cultivators to enable them to adopt collective farming. All this involved a certain degree of compulsion. The point at issue was not, according to him, mere voluntary principle as applied to co-operation. That had been clearly appreciated. He would make a strong plea for compulsory State control, or compulsory co-operation, because he was for the State embarking on development plans for the good of the country, which could not be left to the will of individuals.

CH. RAM SWARUP CHAUDHURY (FINANCIAL ADVISER, CO-OPERATIVE DEPT., PUNJAB) said that co operation meant co-operation for any purpose for the economic betterment of group of persons who joined together. At present, for the betterment of co-operative societies they must resort to devices which had not been resorted to by co-operators in the past. Their main aim was the betterment of the economic interests of the members of the society. For this they had to resort to some little form of compulsion.

RAI BAHADUR R. M. KHARE, AMRAOTI (C. P.) pointed out the fallacy involved in adopting the basis of the members of a co-operative society forming two-thirds of the villagers affected making their resolution binding on all the others. The principle of compulsion involved in this scheme was obnoxious to him and he felt that it was no co-operation in the real sense.

THE PRESIDENT at this stage explained that the discussion had revealed two definitely and fundamentally opposite points of view. He would himself endorse what Mr. Nanjundiah said, as that point of view deserved some emphasis. They were assembled there as co-operators and their object was not to benefit the world at large, or the society as a whole, but to benefit the members of their organisation and that was co-operation. One point of view they had to consider was whether as co-operators they wanted compulsory societies or not, while the other standpoint was that whether as co-operators it behoved them to admit the principle of compulsion. He felt that on matters of fundamental co-operative ideology, it would be better for them to agree among themselves and take the necessary step and that necessary step in that particular instance was to apply the principle of compromise as formulated by the Co-operative Planning Committee or leave the subject as it was. His own firm conviction was that the voluntary principle of co-operation had to be respected.

MR. T. A. RAMALINGAM CHETTIAR said that it would be better not to pass any resolution on the subject.

THE PRESIDENT said that the main idea of the resolution would be accepted, leaving the controversial aspect of compulsion in co-operation. He moved that the majority view, favouring a compromise in the resolution under discussion, be agreed to and this was unanimously accepted. The President then said that the amended draft resolution would be got prepared.

II. POLICY OF DIVERSIFICATION AND EXPANSION.

THE PRESIDENT explained that the idea underlying this resolution was that they must lay down a few of the important directions in which the Co-operative Movement should advance. The Co-operative Planning Committee furnished them an all round picture of the various directions in which they could advance. It was up to the Conference to decide whether it was not feasible for them to concentrate upon 2 or 3 or 4 particular aspects and decide upon the nature of priority to be assigned to each. He would recommend to the Conference that they could concentrate upon:

1. Co-operative Marketing,
2. Co-operative Industrial societies for small scale industries,
3. Co-operative Education and Training.

In the course of the discussion that ensued on this point, some members wanted co-operative transport and schemes for co-operative housing to be included, but the President pointed out that these were not of urgent importance; at any rate in the case of housing problem, when once building materials were released, the housing problem would be solved, and co-operative housing or co-operative transport by itself was not a big problem.

MR. V. VIYYANNA asked whether they were not for an all round expansion of their activities in the direction of housing, marketing, co-operative industries, co-operative education, etc. If it was their aim to increase the earning capacity of the villager and raise his purchasing power, it could not be done by mere co-operative marketing or cottage industries. They had to direct their energies in all directions. For co-operative movement should expand and attend to all the needs of the villagers in whatever direction possible.

MR. BASHIR AHMAD KHAN said that the movement had abundant and varied scope, but it was right for them to concentrate on only one or two to start with.

MR. V. VIYYANNA asked if co-operative societies should not be started for egg-production or consolidation of holdings or crop-rotation or simple industries, but only confine to marketing? In his view, co-operative movement must embrace every aspect which would contribute to the economic well-being and betterment of the villagers. Let everybody organise societies and let them not confine to one or two aspects, which would result in abbreviating the functions of the Co-operative Movement. It was not for the State to spoon-feed them. If they should assign priorities to their objects, many would get lower places and that would be a disadvantage. Therefore, he would suggest expansion of the movement in all directions.

MR. BASHIR AHMAD KHAN said that there was some misunderstanding. As explained by the President, the idea was that all the recommendations made by the Co-operative Planning Committee could not be implemented all at once. It might take 20 or even 40 years to implement all these recommendations. It was therefore felt that every province, according to its needs, might concentrate on particular aspects to obtain the maximum possible result. To this end, this Conference might suggest something to serve for adoption on an all-India basis. Their object should be to indicate the lines on which they could take up some select recommendations of the Co-operative Planning Committee and to assign each its due priority. Co-operative training scheme was one of the select items that should be first considered in order to train the co-operators on sound lines. There had been a lack of properly trained and expert workers. As Lord Linlithgow once observed "the greatest enemy to the Co-operative Movement is the uninformed enthusiast". They should see that enthusiasm and zeal alone should not take the place of expert knowledge. So they must give the first priority to co-operative education and training. Secondly, they had to concentrate on co-operative marketing. If they concentrate on co-operative credit, then they must develop multi-purpose societies. Multi-purpose co-operative societies were bound to be the further saviour of the Co-operative Movement. So the next important thing after co-operative training and education was co-operative marketing. They might allot these any priority they would like. From the provincial point of view these might not get the necessary priority they would like. Madras might have first consumers' co-operative societies; the Punjab consolidation; Bengal health societies; and Bombay urban banks. The third priority might be given to co-operative industries, which included subsidiary industries. The fourth one might be co-operative distribution or stores. It was up to the Conference to agree to any one or all of these and give them their due priorities according to its light.

THE PRESIDENT then suggested consideration of the draft resolution on the basis of giving due priority to (1) Co-operative education, (2) Co-operative marketing, (3) Cottage industries and subsidary occupations; (4) Consumers' co-operation and (5) if they like it multi purpose co-operative societies.

He said that, as pointed out by Mr. Bashir Ahmad, in view of the length of time that would be taken in implementing all the recommendations of the Co-operative Planning Committee, the Conference of the co-operators, official and non-official, assembled there, wished to concentrate on certain types of societies recommended to be organised, according to the needs of the provinces concerned, and give priorities to these in the order they would like, paying particular attention to co-operative education and training, co-operative marketing, cottage industries, and conversion of primary societies into multi-purpose societies.

MR. R. G. SARAIYA stressed the need for giving due priority for agricultural production and products of animal husbandry in the resolution to be drafted, as they should not lose sight of the fact that agricultural production and products of animal husbandry constituted the largest source of wealth

in this country. Cattle wealth of India was as important as, if not more important than, the agricultural wealth itself.

MR. J. P. SINHA (U. P.) emphasized that consumers' co-operation must be attended to first and must receive first priority.

RAI SAHEB CAPT. DALIP MANSING (U.P.) said that in their draft resolution adopting the Committee's recommendations, they might include only those kinds of societies which needed special attention, and which might be integrated to the availability of facilities in particular areas, for example, where men trained in transport were plentiful, co-operative transport could be organised.

THE PRESIDENT then dwelt on the point of converting primary credit societies into multi-purpose societies and said that primary credit societies had been enjoying monopoly for 43 years. They now wanted to give priority to some other aspects. If they wanted that co-operative credit should still remain as their main activity he had no objection. He however felt that conversion of primary co-operative credit societies into multi-purpose societies was urgent.

MR. N. SATYANARAYANA (ALAMURU, MADRAS) opined that the most urgent matter to be attended to was the rectification of the old societies and the reorganisation of the whole Co-operative Movement on proper basis. According to him, the credit societies were the weakest link in the Movement. They ought to be broad-based and worked on multi-purposes basis for groups of villages, with limited liability. They had only one lakh of co-operative societies, while there were seven lakhs of villages in India, which worked out to about 3 per cent only of the rural population served by co-operative societies. Therefore, there was great need for the expansion of the movement to serve all the villages in India. He suggested that the best method would be by organising rural co-operative credit banks for groups of villages, instead of organising a credit society for each village. This, he felt, to be the urgent need, and it should have first priority. If co-operative societies were worked on multi-purposes basis for groups of villages, the whole of India could be served by the co-operative movement, eliminating the black-marketing and profiteering middlemen. He ended with a stirring appeal that co-operators should concentrate on bringing in young blood into the movement and carrying the message of co-operation to one and all in the Rural India.

MR. T. A. RAMALINGAM CHETTIAR wanted that instead of the word "Conversion" thay should substitute the words "development of multi-purpose activities in the case of rural credit societies".

The draft resolution with the proposal of Mr. T. A. Ramalingam Chettiar met with the approval of all the delegates assembled.

At this stage the meeting adjourned for tea to re-assemble at 5 p.m. Resuming its sitting at 5 p. m., the meeting began consideration of and discussion on—

III. AGRICULTURAL FINANCE.

Whether the Co-operative Credit structure needs drastic change or replacing by Agricultural Finance Corporations.

MR. C. K THADANI (Sind) brought up a draft resolutiou in this connection, which was accepted by the Chair and he was asked to submit the same for adoption by the Conference the following day.

IV. CO-OPERATIVE MARKETING: FUNDAMENTAL FOR RURAL PROSPERITY.

There was some discussion on the draft resolution brought by Mr. Y. T. Desai.

MR. V. VIYYANNA pointed out that Mr. Desai mixed up marketing with distribution. He wished the portion relating to marketing in the draft resolution is dropped.

MR. N. SATYANARAYANA said that the villager's life was all comprehensive and could not be made compartmental to serve his every day needs. An agriculturist in a village was always at the mercy of the sowcar. He was born in debt, lived in debt and bequeathed debt. He said that these poor agriculturists must be rescued from the Sowcars. He said that the co-operative agency in the village could save the agriculturist by supplying him credit; secondly, by supplying consumer goods and thirdly, by marketing his produce, thus enabling him to save some of his earnings for the next year. If the Co-operative Rural Banks or the multi-purposes societies could not do this service for the ryot, co-operation had no place in rural reconstruction. He was of the view that there should not be separate societies for marketing, for short-term or long-term advance, for consumers' goods but there should be only one society, *viz.*, the rural bank or the multi-purposes society to finance all the needs of the agriculturist by the same agency. Therefore, he appealed to all the co-operators that there should not be single-purpose societies, but multi-purposes societies on strong foundation to serve all the needs of the co-operators in the village.

The draft resolution met with the approval all delegates assembled.

V. STATE ASSISTANCE FOR DEVELOPMENT OF CO-OPERATIVE MOVEMENT.

THE PRESIDENT pointed out that they did not want to propose any resolution on it.

MR. SHERIFF (HYDERABAD) was for State subsidy to co-operative societies in regard to concessions on railway freight on firewood, etc.

MR. R. G. SARAIYA (BOMBAY) was requested to draft a suitable resolution in this connection, and he said that it was necessary on the part of Provincial and Central Governments to afford such State-aid to co-operative societies

as it was not only in the interest of the co-operative movement but in the interest of the development of the country at large.

He was asked to draft the resolution accordingly and hand it over to Secretary.

VI. STATE ASSOCIATION AND CONTROL.

THE PRESIDENT said that he had no objection at all to State control of the working of the co-operative societies, provided statutory powers and functions possessed by the Registrars alone were exercised and not any other non-statutory control. If such statutory control was considered as very necessary in the initial stages of new co-operative societies, then they need not perhaps specify any fixed period of years for exercise of such control. In the case of older societies successfully functioning for a number of years, non-statutory powers should not be exercised by the Registrar and his department.

The opinion of the meeting was that with the greater development of Co-operative Movement indicated in the Planning Committee Report, increased Government control might be necessary. But this increased control should not be undertaken without a definite declaration of policy.

The draft resolution was approved.

VII. DE-OFFICIALISATION OF THE CO-OPERATIVE MOVEMENT.

THE PRESIDENT, in regard to this draft resolution, expressed the view that they wanted Government to declare that they accepted a policy of progressive de-officialisation. He humorously remarked that their idea was 'asking Government progressively to clear out in this regard.

MR. K. MADHAVA KURUP (REGISTRAR OF CO-OP. SOCIETIES, TRAVANCORE) said that the progress of co-operation in India during the last 43 years was due to freedom of action allowed to non-officials. It was found, however, increasingly difficult to find full-time workers for co-operative societies. Co-operation was not exactly philanthropy. It was business. As there was a shortage of full-time workers, Government officials had also a large part to play in the co-operative domain.

MR. K. NANJUNDIAH, supporting the necessity for de-officialisation, pointed out that there were societies which developed properly conducting their own audit, supervision, with a trained body of men. Simply because they wanted full-time paid staff, it was not necessary that they should have Governmental and departmental staff. Only non-officials should be taken on the staff in societies and that also should be on voluntary basis. As in the Madras Presidency the majority of societies were run by non-officials, the question of handing over control from official to non-official agencies did not arise. The retention of words "management of societies" was unnecessary, as it implied that it was in official hands.

The President agreed to the inclusion in the draft resolution the words: "supervision in provinces where it vests in official hands", and this was accepted.

This draft resolution, with the above slight additions, was accepted.

VIII. THE PLACE OF THE CO-OPERATIVE INSTITUTE IN THE CO-OPERATIVE MOVEMENT.

The President explained that the question of All-India Co-operative Council and the Provincial Co-operative Councils, had been under consideration for the past several years, and that there was no necessity for an All-India Co-operative Council. He also pointed out that if the functions which were proposed to be carried out by the Provincial Co-operative Council should be exercised, then there would be no scope for the work of the Provincial Co-operative Institute. All the functions which were being carried on by the Provincial Co-operative Union would be taken up by the Provincial Co-operative Council; because in that Council the Minister had been proposed to be the Chairman, the Registrar of the Co-operative Department Secretary, and also an Assistant Secretary from the Government, paid by the Government, would function in that Council. Thus the Provincial Co-operative Council would become another branch or limb of the Co-operative Department. He, therefore, saw no necessity for such a Provincial Co-operative Council and even if it were to be established, it should be constituted under the Provincial Co-operative Institute, untrammelled by outside interference. The Council's function must be performed not by the Government but by the Provincial Co-operative Union or Institute.

Mr. T. A. Ramalingam Chettiar, in his elucidation of the scheme for setting up Provincial Co-operative Council, put forth a powerful plea for the establishment of the same with stronger representation for non-officials.

Mr N. Satyanarayana said that Provincial Councils would be putting up several schemes; but the generality of co-operators should be consulted. He was of opinion that such Councils should comprise of non-official co-operators, members of the Legislature and representatives of the Government, so that Government might consult such a representative organisation before promulgating any schemes.

The draft resolution in this connection was agreed to and was directed to be brought up for adoption by the Conference the next day.

IX. CO-OPERATIVE LAW:

The President said that they had nothing to say on this question.

X. CO-OPERATIVE EDUCATION.

When the President wanted this draft resolution to be taken up for consideration, the Hon'ble Minister for Education in Madras, Mr. T. S. Avinasilingam Chettiar, was kind enough to offer to express his views on the subject. He said that Government were aware of the importance of this question and so they recently passed orders asking the University of Madras to investigate and report whether they could not make Co-operation a major course of study, and the graduates turned out might receive practical training later on. He desired to know whether they felt it necessary to segregate co-operative education to a separate college altogether, rather than asking the University to include the subject in the courses of studies in the various colleges. He also referred to the impending bifurcation of courses of studies in the high schools, with a view to impart practical training in engineering, etc., and in that connection, requested them to consider whether Co-operation could not be included for study in the high school classes, preferably as an optional subject for the S.S.L.C. Pupils so trained might be in a better position to take up responsible positions in the Co-operative Movement. The specialisation of the study of Co-operation might be taken up in higher education in Colleges.

Mr. K. Nanjundiah (Madras) said that what was needed was not a separate college for Co-operation, but Universities might be approached to provide as an optional subject Co-operation in the B. Com. course. As regards the Minister's suggestion for inclusion of the study of Co-operation as an optional subject in the S.S.L.C., he said only about 20 per cent of the successful S.S.L.C. candidates entered colleges for higher courses of study and consequently very few students would be in a position to specialise in co-operation. Instead of making the study of co-operation optional in the S.S.L.C. course, he felt it could be made a compulsory subject in the lower classes of the high school so that the pupils might be educated to suit themselves to rural surroundings and equip themselves with the principles of co-operation. Specialisation alone would not serve any useful purpose, and they should resolve that upto the School Final standard, Co-operation should be made a distinctive and one of the compulsory subjects, like arithmetic, etc. In the higher studies, he welcomed the suggestion of the Minister for Education that Co-operation might be made an optional subject, so that graduates in Co-operation might be turned out in large numbers.

The President thanked the Hon'ble Education Minister for his valuable suggestions, and the resolution on this subject passed at their Lucknow Conference did not differ from the Minister's view. They could, therefore, accept the Minister's suggestion. Some suggested the need for Provincial Co-operative Colleges. Others put forth the suggestion that there should be in the S.S.L.C. specialisation in Co-operation as an optional subject or as a compulsory subject, He did not see much force in either of the courses. After all S. S. L. C. course was a general course and would remain so; and therefore young boys taking this general course should not be expected to specialise in any particular subject. It was up to the University to prescribe for under-graduates the study of Co-operation as a special subject. For the staff in the Co-operative Department and in co-operative banks and bigger societies a professional college might be conducted under the auspices of the concerned Provincial Co-operative Union or Institute as recommended by the Planning Committee.

MR. K. C. RAMAKRISHNAN (COIMBATORE) said that to prescribe co-operation as a compulsory or an optional subject in the high school course would not make it popular, but perhaps the reverse, and make it share the fate of school hygiene and school Shakespeare. On the other hand, young minds might get better introduced to co-operation by means of school canteens and stores of stationery and clothing, which co-operatively-minded members of the staff might help the students to manage. As for making co-operation an *optional* subject in the B. Com. or Economics degree courses, it had already been done in Madras and several other Universities in India; but it occupied such a secondary place in the midst of a host of other subjects prescribed that it was of little value for would-be co-operative workers.

Even if a full-fledged degree course in co-operation were provided for, the Arts colleges were not the best bodies to take up its teaching, judging from the experience of the teaching of B. Com. course, for which few competent teachers were available. The University of Madras does not itself take up teaching for any degree course; and it is better that it concentrates its attention on research, telling off at least one member of the staff of the Economics Dept. to specialise in Co-operation.

What is wanted is a professional Co-operative College run by the Provincial Co-operative Union or Institute, as recommended by the Planning Committee, as that alone can provide the proper atmosphere and personnel for teaching and practical training. This is what every country, advanced in Co-operation, does. The College might, if necessary, get State aid for some time; but State control or management was not desirable. Advanced studies and research should, of course, be done on an All-India plane staffed by competent specialists in different branches of Co-operation —as recommended by the Planning Committee.

MR. V. VIYYANNA said that so far as the Collegiate course was concerned, they could permit any Province, where a College of Co-operation was felt to be necessary, to run one under the Provincial Co-operative Union. In the case of the School-Final course every boy should be taught the elements connected with Co-operation.

MR. K. NANJUNDIAH said that the introduction of Co-operation in the School-Final class would not be feasible, as Co-operation was by no means an easy subject, especially on the top of other subjects.

MR. T. A. RAMALINGAM CHETTIAR said that prolonged discussion on the resolution was unnecessary. It was not possible to impart any special instruction in co-operation in high school classes. Some lessons on Co-operation might be included in their text-books

MR. R. G. SARAIYA (BOMBAY) said that the Planning Committee's Report suggested that lessons on Co-operation might be included in School-Final class and even lower classes. They should also give practical training for boys in connection with Co-operation.

The draft resolution was agreed to by all.

XI.—ALL-INDIA INDUSTRIAL FINANCE CORPORATION.

THE PRESIDENT, in bringing before them the draft resolution for discussion, explained that the Government proposed to set up an All-India Industrial Finance Corporation in order to finance industries, both big and small. Though banks, insurance companies, etc., could subcribe for the share capital of that Corporation, co-operative bodies were not allowed to take up shares of the Corporation, on which the Government guaranteed a certain dividend. They should, therefore, address Government to allow co-operative bodies to subscribe to the share capital of the Corporation and also to provide seats on the Board of Directors of the Corporation for representatives of co-operative bodies. The President requested Mr. Saraiya to prepare a comprehensive draft resolution in that behalf for consideration and adoption by the Conference the following day.

XII.—CO-OPERATIVE SOCIETIES FOR EX-SERVICE PERSONNEL.

MAJOR RAMACHANDRA brought up a draft resolution in connection with the above subject and the President requested him to move the same the next day for adoption by the Conference.

XIII.—CO-OPERATIVE INSURANCE.

MR. V. VIYYANNA (MADRAS) said that the draft resolution might be considered and allowed to be brought up for adoption by the Conference the next day.

THE PRESIDENT explained the need for State subsidy to rural policy-holders. He was of the opinion that subsidies should not be given to industrial employees, and should only be confined to agriculturists. Also as laid down by the Amending Insurance Act, procurement of policies below Rs. 1,000 should be left to Co-operative Insurance Societies, and other Insurance Companies prohibited to accept policies below Rs. 1,000. To make good the high cost involved in procuring policies of low denomination and to benefit the villagers, State subsidy should be given.

MR. G. K. THAKORE (BOMBAY) pleaded for the adoption of the draft resolution next day at the Conference and in particular for State subsidies to rural policy-holders of policies upto Rs. 1,000.

MR. V. VIYYANNA also pleaded for the draft resolution to be passed without going into details.

MR. MADHAVARAO ANWARI of Hydrabad spoke about the need for State-aid by way of subsidy to rural policy-holders up to Rs. 1,000 and he appealed to the President to take interest in the matter.

THE PRESIDENT said that he had done his very best in the Planning Committee to secure concessions in regard to granting subsidies to rural policy-holders and for meeting the higher cost of management. He also referred to his having pressed for the grant of interest at above the usual Bank rate, by 1 per cent to all statutory deposits made by the Co-operative Insurance Societies with the Reserve Bank. If they wanted to raise the limit from Rs. 500 to Rs. 1,000 in trying to obtain increased State subsidy, the subvention required from the Government would become too large. If, however, they simply stated that for policies of small amounts they required State subsidy, leaving it to the Government of India and the All-India Co-operative Insurance Societies' Association to settle whether the amount should be Rs. 500 or Rs. 1,000, he would agree.

The draft resolution was accordingly agreed to.

PROCEEDINGS OF THE SECOND DAY—11th MAY 1947.

The Conference resumed its sitting at 9 a.m. on 11th May 1947 to consider and adopt the draft resolutions prepared and discussed by the Subjects Committee the previous day.

REPORT OF THE CO-OPERATIVE PLANNING COMMITTEE.

The following resolution was moved from the Chair.

Resolution 1.—"**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 State 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.**"

The resolution was passed unanimously.

VOLUNTARY PRINCIPLE OF CO-OPERATION.

PROF. S. K. YEGNANARAYANA IYER (MADRAS) moved the next resolution.

Resolution 2.—"**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 the larger interests of the country require it, a resolution passed by the members of the Co-operative Society who form two-thirds of the community should be made binding by law on non-members also**".

MR. YEGNANARAYANA IYER, in moving the resolution, said that the resolution was already discussed at great length the previous day, and some compromise arrived at, and he would therefore commend the same to their adoption.

MR. P. B. GOLE (CENTRAL PROVINCES) in seconding the resolution said that with regard to the first part of the resolution, he had no hestitation in recommending it for the acceptance of the House. As regards the second part of the resolution, they must distinguish between the greater interests of the country as a whole, when considering whether co-operation should be run on voluntary principle or whether an element of compulsion should be introduced. Voluntary system was no doubt essential for co-operative movement and should be pursued normally, but when the country's interests at large were concerned, it would be necessary that 2/3 of the community forming into co-operative societies and passing any resolution should be allowed to make that resolution binding on the other third of the population, who were not members of the society. The stage must come when we can have legislation to give effect to this desirable aspect of introducing some form of compulsion in co-operation to benefit the whole country. He further explained that the word "community" included whole population including men, women and children.

CAPTAIN DALIP MANSINGH, FATEHPUR (U. P.) stated that the President, who had been a Professor of Economics, explained already the essential principles of co-operation. There could not be any compulsion in co-operation. He did not want conscription in respect of co-operative activity. All the same, if some co-operators combine for certain useful activity which meant production for the economic betterment of rural population, then this resolution provided that the resolution passed by a majority should be binding on others, who might not agree with them.

MR. B. RAMA RAO (ELLORE, MADRAS) took serious objection to the retention of the second para of the resolution. That portion was impracticable. Only three per cent of the rural population participated now in the Co-operative Movement, which in this country had not even touched the fringe of the village community. The resolution contemplated a majority of 2/3 of the village community to enforce its decision on the other 1/3 of the community. In his opinion, it would take another 50 years before they could have co-operative societies, commanding a 2/3 majority of the village community as members. It was for the Government to lay down a policy by legislation or otherwise to see something done by a co-operative institution on their behalf should be binding on the entire village community and it should be left to the Government to launch upon schemes for the benefit of the whole community and entrust the scheme to co-operative societies. He said that the second clause of this resolution should be deleted and if and when Government wanted a particular thing to be done through a co-operative society, it should be left to the Government to introduce the principle of compulsion by legislation.

MR. T. A. RAMALINGAM CHETTIAR said that he desired to clear certain misunderstandings with reference to this resolution. Voluntary association should indeed be the watch-word of their movement and they so far followed it. All the world over, the Governments were taking more and more control over economic activity. In India also the Government aimed at the orderly development of economic activity, whether it be agriculture or industry or even banking or insurance. Supposing in the field of agriculture or industry, with which they were mostly concerned, the Government decided on a certain course of action and laid down a policy, what was the method by which that policy could be carried out? Should they say that they were not concerned with it, because the State would enforce it or should they be prepared to carry out the Government policy? They should understand that Co-operation was only a method of business and that it should be applied according to circumstances for the various economic needs of the country. So it was up to them to work out schemes likely to be entrusted to them by Government under legislative sanction, which might imply some degree of compulsion. If they did not undertake the work given to them by Government, then other organisations or agencies might take it up to their detriment. Though there was a certain amount of compulsion involved in this, it was not their policy; but they only discharged the Government's policy. He would emphasise that Provincial Governments were going to take more and more power to order people's economic activities, and if they did so what should they have as their share? They should decide now whether they should claim a due share in such economic activities sponsored by the Government or not.

THE PRESIDENT pointed out that with regard to the first para there was very little to say; but as regards the second portion, difference of opinion, not about the matter as a whole, but about some little details here and there arose. He wanted to move the first part of the resolution for adoption and called for any suitable amendment to the second part.

MR. K. SUBRAMANIAM (JOINT REGISTRAR OF CO-OPERATIVE SOCIETIES, MADRAS) moved the following amendment for the second part:

> **"This Conference, however, is of opinion that where the larger interests of the community require it, the resolution passed by the members of the society should be made binding by law on non-members also".**

The above amendment was duly seconded by Mr. Palaniappa Mudaliar, Additional Joint Registrar of Co-operative Societies, Madras and Mr. N. R. Samiappa Mudaliar of Tanjore.

MR. K. SUBBA RAO, Reserve Bank of India, then moved the inclusion of the word "affected" after the words "two-thirds of the community" in the proposed amendment.

CH. RAM SWARUP CHAUDHURY (FINANCIAL ADVISER, CO-OPERATIVE DEPARTMENT, PUNJAB) moved a further amendment which runs as follows:

> **"This Conference, however, is of opinion that where the larger interests of the community require it, the resolution passed by the members of the co-operative society who form the majority of the community concerned and who also hold 2/3 of the property in the village, should be made binding by law on non-members also".**

KHAN NAWAB KHAN (PUNJAB) seconded the above amendment.

MR. N. SATYANARAYANA (ALAMURU, MADRAS) moved a small amendment to Mr. Subramaniam's amendment in regard to the second portion of the resolution, suggesting substitution of the word "society" for "community"; but later on he withdrew this amendment.

MR. BIKKINI VENKATARATHNAM (PRESIDENT, P. C. U., MADRAS) supported the substitution of the words "members of the society" for the word "community" in the second part of the resolution.

MR. TARA PRASANNA GHOSE (BIHAR) agreed that there should be no principle of compulsion in their movement, but in certain cases where some people disagreed to come into the co-operative society and join beneficial schemes of economic betterment, then some form of compulsion was necessary. He, however, felt that it would take another 20 or 25 years to secure a two-third majority of the village community in the societies and therefore favoured the wording "members of society" rather than the word "community" in the resolution. He extended his support to the resolution.

MR. K. NANJUNDIAH (COIMBATORE) said that the amendment moved by Mr. Satyanarayana that instead of the words "the community" the words "the members of a Society" should be substituted would lead to a very absurd position. If in a village of, say, thousand even a dozen form a co-operative society and if two-thirds of its members decide that something is a beneficial measure it would mean that 900 and odd members would be dictated to by this handful. To such a measure, nobody could be a party, not to speak of co-operators who are supposed to hold the scale even between all sections of people. It was the very negation of the principle of Self-Government and all forms of business organisation to adopt this amendment.

There was a good deal to be said in favour of the amendment from the Punjab, since it laid down that in matters relating to property, the majority should be not 2/3 majority of the inhabitants of a particular area, but it should be 2/3 majority of holders of the property affected. "Not to take note of this would mean two-thirds of the population who have no interest in lands might lay down a policy regarding rotation of crops or irrigation which would go against the vast interests of landed class. In substituting for the 2/3 majority of the inhabitants, the words "2/3 of the property affected" by any such measure would safeguard the interests of all. Further, the Co-operative Planning Committee itself has very carefully pointed out that beneficial measures such as co-operative farming, consolidation of holdings, crop protection or irrigation and such other allied subjects alone require the element of compulsion. I do not see any reason why we should go further than that very sane and sound view of introducing the element of compulsion affecting the organisation, which is fundamentally voluntary. One other view-point, namely, the need for co-operative societies to be willing to take up some of these items of essential services which the Governments of States and Provinces are willing to entrust to co-operative societies can easily be catered to by making a provision that where the State decides on such a policy and where co-operators with a view to co-operating with the State in working out that policy, we have no objection to the State introducing by legislation the element of compulsion even in matters where co-operative society has been asked to function. In accepting that policy, it is not the co-operators that are introducing compulsion. It is the State through its elected representatives that decides upon the policy and therefore the community is supposed to be represented and after a thorough threshing out of the administrative policy, if the State decides to take up certain beneficial measures, such as irrigation, consolidation of holdings or distribution of yarn through co-operative societies only, it will be up to the co-operators to say that they are willing as a reliable agency to function on behalf of the State to carry out its policy. In this theory, the argument of an experienced co-operator like Mr. T. A. Ramalingam Chettiar that co-operative agency will be ignored if we stick to the orthodox principle of being a voluntary organisation and opposed to all forms of compulsion can easily be accepted without sacrificing our fundamental principle of being a voluntary organisation."

NAWAB MIR AKBAR ALI KHAN (HYDERABAD) said that the felt that the house was in favour of the adoption of the Planning Committee's Resolution in this regard, in toto because in it the principle of voluntary co-operation had been accepted with certain limitations. So instead of going into detail they could as well adopt the Planning Committee's Resolution and thus reinforce it. He also requested for each speaker's time to be limited to two minutes.

MR. S.D. UJWAL (REGISTRAR, CO-OPERATIVE SOCIETIES, JODHPUR) asked whether the matter before them was about the voluntary nature of the movement or the introduction of compulsion in some shape or form. As experts of the movement, it was expected of them to give a clear lead in the matter. They should stick to the original resolution and not get lost in the maze of the various amendments.

MR. V. RAMAMURTHY (VICE-PRESIDENT, CENTRAL LAND MORTGAGE BANK, MADRAS) said that as co-operators, they were wedded to voluntary association, but in exceptional cases a slight departure from this was quite necessary. If the Government laid down a policy of economic development of any scheme, there was no harm in their executing that policy or scheme. He therefore wished to amend the resolution by adding the following:

> "This Conference, however, is of opinion that when Government, in the larger interests of the community desires to entrust the execution of any work or policy to a co-operative society, it may undertake it."

By this amendment, he opined, they could avoid any reference to an element of compulsion, in the second part of the resolution.

MR. R. G. SARAIYA (BOMBAY) agreed with the Chairman that it was quite easy for them to delete the second part of the resolution. Government were now pursuing the policy of economic betterment of the masses and it was up to them as co-operators to work out such schemes of Government if entrusted to them. Otherwise, they would be left aside and Government might entrust the work to other agencies. He strongly urged the deletion of the second part of the resolution.

The Chairman then put to vote the propostion for the deletion of the second part of the resolution.

30 voted for and 50 against the deletion of the second part and thus the motion was lost.

The resolution with the amendments reads as under:

> "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."

The above resolution was passed by the House.

MR. SATGURU PRASAD CHAUDARY (U. P.) then brought to the notice of the Conference that when they talked of Co-operation, they had the interests of the masses of people inhabiting the villages of the country at heart. It therefore behoved them to conduct the proceedings in Hindustani, which was mostly understood by the masses.

THE PRESIDENT said that while appreciating the view-point of Mr. Satguru, they would try to publish the proceedings of the Conference in Hindustani and also in the regional languages as in the case of the Planning Committee's Report.

PRIORITIES IN CO-OPERATIVE PLANNING.

NAWAB MIR AKBAR ALI KHAN then moved the following resolution :

Resolution 3.—" In view of the length of time that will be taken to implementing all the recommendations of the Co-operative Planning Committee this Conference is of opinion that Co-operators—official and non-official—should give priorities to the different types of co-operative societies recommended to be organised in different Provinces and States and that particular attention should be drawn to the following :

1. Co-operative Education and Training,

2. Consumers' Stores,

3. Co-operative Marketing,

4. Co-operative Industrial Societies,

5. Agricultural production,

6. Development of multi-purposes activities in rural Societies.

In moving the resolution, the mover said that the Subjects Committee discussed this resolution thoroughly and it took most of their time, next only to the second resolution.

MR. T. RAGHAVENDRA RAO, Orissa, seconded the above resolution.

MR. AKBAR ALI KHAN, the mover of the resolution, said that they could very well add the words "according to the circumstances and requirements" after the words "recommended to be organised" in the resolution.

The resolution was put to vote and passed unanimously.

The resolution as amended and passed finally runs as follows :

" 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 :

" 1. Co-operative Education and Training ; 2. Consumers' Stores ; 3. Co-operative Marketing ; 4. Co-operative Industrial Societies ; 5. Agricultural Production ; and 6. Development of Multi-purpose activities in rural societies."

CO-OPERATION AND STATE-AID.

KHAN MOHAMMAD BASHIR AHMAD KHAN moved the following resolution.

Resolution 4.—" 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."

He thought they would all agree to this resolution. The necessity for State-aid in some form or other would have to come in. But they had to take care of the fact that State-aid should not result in further interference with the working of the co-operative societies. Co-operative policy and principle was of the people, for the people and by the people. The State-aid or assistance should be a contribution and not an interference with the day to day working of the co-operative societies.

RAI BAHADUR R. M. KHARE seconded the resolution.

The resolution was unanimously carried.

CO-OPERATIVE MARKETING.

MR. Y. T. DESAI (BOMBAY) moved the following resolution :

Resolution 5.—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 State Governments to take immediate steps to promote co-operative marketing.

(*b*) This Conference is of opinion that co-operative marketing organisations should be started in every village, taluk and district centre for marketing commercial and food crops.

II. (*a*) This Conference emphasizes the fact that, as the prosperity of agricultural community depends largely on the marketing of agricultural produce, in all schemes of rural reconstruction, co-operative marketing should be given a high priority especially by—

(*i*) effectively linking credit with marketing,

(*ii*) making necessary funds and land available and granting subsidies for construction of godowns,

(*iii*) facilitating the training of their staff,

(*iv*) providing an expert staff where necessary,

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

(*b*) This Conference strongly urges the Provincial and State Governments to give special concessions to co-operative 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.

MR. J. A. SHERIFF (HYDERABAD), seconding the resolution, said that after the words 'rural reconstruction' the words 'Central, Provincial and State Governments should give' deleting the words 'should be given' should be inserted. The resolution, he said, was self-explanatory The first part of the resolution stated that for the marketing of agricultural produce, Government should take immediate steps to promote co-operative marketing institutions. In a previous resolution they saw the high priority to be given to this kind of marketing. Co-operative marketing organisation should be started in every village, taluk and district centres. The resolution also suggested the methods by which co-operative societies could be utilised for marketing, by making funds available to them for construction of godowns, by arranging for staff of the movement to be trained and for providing experts to impart training for their staff. In the case of co-operative societies, high priority should be given to them in the matter of allotment of wagons available. For the distribution of seeds, etc., there were several agencies but they emphasised in this resolution that co-operative organisations only should be utilised for distribution of seeds, etc.

MR. SHERIFF wanted particular attention to be drawn of the Government in procuring for co-operative societies concessional rates for transport of produce marketed by the societies.

MR. THARA PRASANNA GHOSE (BIHAR) raised the objection that to establish a marketing organisation for every village instead of group of villages, was not practicable. He proposed deletion of clause (*b*) of the resolution.

MR. N. SATYANARAYANA suggested that instead of deleting clause (*b*) they could move that 'this Conference is of opinion that co-operative marketing should be encouraged to be organised at convenient marketing centres.'

MR. M. S. NARASIMHA RAO (NELLORE) said it was desirable to add the following as clause (iv) of the resolution :

> "This Conference strongly recommends that there should be inter-provincial co-operative marketing and that the central marketing societies of each Province and State should have dealings with the sister associations in other Provinces and States."

THE PRESIDENT suggested a simplified form for Mr. Narasimha Rao's proposed clause (iv) :

> "This Conference strongly recommends that inter-provincial co-operative marketing be promoted."

MR. A. R. MALLICK, Agricultural Marketing Officer to the Government of India, who was requested by the Chairman to express his views on the resolution under discussion, said that he welcomed the resolution. He felt that the marketing of agricultural produce and several other problems connected therewith, would be solved to a great extent by starting co-operative marketing societies. He referred to the inception of the Central Agricultural Marketing Department in 1935, and said how in the very early days of that Department they realised that the lack of grading of agricultural produce was a stumbling block in improving marketing of that produce. Therefore, as early as 1937, the first step taken was to propose and have the Agricultural Grading and Marketing Act of 1937 passed. This was purely a permissive Act and not a compulsory one. It only required the marketing of produce strictly according to the types and grades that were specified in the Act.

The produce should be properly graded so as to realise better prices for the producers. They might produce large quantities but by that they could not help the producers unless they gave attention to the various marketing practices also. Under the circumstances, he would therefore suggest inculsion as the last clause of the resolution under discussion, the following :

> "When bulking agricultural produce for the purpose of marketing, it should be graded under preferably the provisions of the Agricultural Produce (Grading and Matketing) Act, 1937, in order to realisebetter value for the produce."

Mr. K. Subramaniam was for the addition of the words "and in the installation of processing plants" at the end of para. 2(*a*) of the resolution.

Mr. J. A. Sheriff, while feeling thankful for Mr. Mallick's valuable suggestion, was of the opinion that if co-operative marketing societies would alone adhere to grading, while the ordinary merchants did not stick to it, the produce graded and marketed by these societies could not command the same price as that of the merchants and thus the societies might lose.

Mr. B. J. Patel (Baroda) next moved one more amendment asking for the inclusion of the following clause at the end of the resolution:

> "This Conference further recommends that separate co-operative marketing section under the Co-operative Registrar should be organised immediately."

He wanted marketing to be separated and placed separately as Marketing Department under the Registrar.

Mr. T. Narayana Pillai (Madura) next pointed out the difficulty arising in practice, if grading were to be adhered to by the marketing societies. The agriculturists deposited their produce, but they did not want their produce to be mingled or mixed up with other produce. Grading was only possible, if the marketing societies were able to buy the produce and then sell. In the Madras Province, it was not possible to market articles, simply because they were not allowed to buy outright and then grade and sell the produce.

The President drew the attention of the Conference to the two additional clauses suggested to be added to the resolution, one by Mr. Mallick and the other by Mr. Patel.

1. Mr. Mallick's proposed addition:

   > "When bulking agricultural produce for the purpose of marketing, it should be graded under, preferably, the provisions of the Agricultural Produce (Grading and Marketing) Act, 1937, in order to realise better value for the produce."

2. Mr. Patel's (Baroda) proposed addition:

   > "This Conference further recommends that separate co-operative marketing sections under the Co-operative Departments be organised."

The President said that the suggestion of Mr. Patel was quite in order, as experience showed that if one officer was in charge of different branches, he could not bestow proper time on all these branches, whereas if a scheme like co-operative marketing organisation was entrusted to a separate officer and staff under the Registrar, that system was bound to succeed.

Mr. Mallick felt there was some confusion of ideas. The Chairman rightly said that co-operative bodies concerned with different aspects of co-operation, worked up till now with the credit side of co-operation. The

marketing aspect of the problem has now been coming up in the Provinces. Marketing societies should be started. As they were aware, the Government of India appointed from time to time several Marketing Committees and these Marketing Committees functioned, with Sir T. Vijayaraghavachari as President, under whom the speaker had the privilege to serve. They came to the conclusion that for the proper organisation of the marketing of agricultural produce in all Provinces and States, it was highly desirable that a marketing department as such should be established and they might tell them that the marketing of agricultural products was not the only aspect concerned, but there were other aspects as well with which co operative societies had nothing to do. One of such main aspects was the regulation of markets. In most of the provinces, *e g.*, Sind, Central Provinces and Madras, they had their Agricultural Produce Markets Acts One of the functions of the Marketing Officers in all these provinces consisted of administering those acts and supervising the regulated markets throughout the province. Another work of the Provincial Marketing Department would be association with the administration of weights and measures. Therefore Provincial Marketing Officers should be closely associated with co-operative marketing societies. He thought that the man in charge of the work in each province should be delegated the powers of the Joint Registrar and he should be solely responsible for the efficient work of the marketing societies. He was of opinion that the whole work of registration, audit, supervision and control and daily guidance, should all be under one organisation, as this was highly desirable.

The President, in bringing to a close the discussion on the resolution, said that there appeared to be some misunderstanding on the part of the Agricultural Marketing Adviser on the question of establishing a separate marketing section. It was not their idea to infringe on the rights and duties of the Provincial and Central Marketing Departments. They wanted the Co-operative Registrar to organise the co-operative marketing societies, which should be within the Co-operative Movement under the Co-operative Registrar and with a special officer in charge of this branch of co-operative marketing activity with the proviso that the co-operative marketing societies should have the benefit of the expert advice and guidance of the Agricultural Marketing Officers.

With all the relevant additions and in the light of the above clarification the resolution read as under:

CO-OPERATIVE MARKETING

Resolution 5.—(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."

The resolution was put to vote and carried unanimously.

The Conference adjourned at 12-20 noon and resumed again at 2-30 p.m. after lunch.

DE-OFFICIALISATION AS GOVERNMENT POLICY.

MR. P. B. GOLE (C.P.) moved :—

Resolution 6.—"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."

MR. P. B. GOLE (C.P.) said that from his experience for the last 20 years, he found that official interference tended to obstruct the progress of the Co-operative Movement. Though the Co-operative Registrars were said to be the friends, philosophers and guides of the movement, there were many instances in which the departmental officials promoted indiscriminately co-operative societies without regard to the future of the members of the societies. In his own province he had been asking the Government to withdraw the so-called official patronage and hand the societies over to non-officials for management. He proceeded to refer to his own experience in his Province which related to a co-operative bank which at one time encountered an imminent crash, though under Governmental control, but which was subsequently handed over to purely private management, when it was found possible to rehabilitate that tottering co-operative bank and to pay off all depositors their deposits with interest due. Of course, the intervention of the war gave a fillip to the bank's prosperity. Apart from this, it was revealed that as soon as official patronage was withdrawn, the bank revived and worked properly. There must be some private incentive to work. Unless private enterprise was entrusted with co-operative movement, co-operation would not work. The so-called official guidance in co-operation must be withdrawn and societies handed over to the people could conduct them well Those societies which were badly conducted should be weeded out. There should be no interference by Government in the case of well-managed and long-established societies of integrity.

MR. DALIP MANSINGH (U.P.) said the resolution before them was a simple one. Patronage or tutelage was not a good proposition. Outside interference simply kills the spirit of self-help and self-reliance. So it was high time that the Registrars ceased to interfere with co-operative institutions and leave the societies to carry on the work as best as they could.

MR. N. SATYANARAYANA (MADRAS) strongly supported the resolution. But the wording, he said, was rather ambiguous. He was of the view that it was erroneous to call the functions of the Registrar as 'friend, philosophe and guide.' The Registrar, he said, should be regarded as the dictator, arbitrator and liquidator. If the Co-operative Movement were to be de-officialised' then it must come under non-official control, as Co-operative Movement was a democratic movement.

MR. T. NARAYANA PILLAI (MADRAS) was for de-officialisation, but his method of approach would differ. The Registrar did not desire to do everything on his own initiative. The orders of the Government and the policy of the Government were binding on the Registrar. The co-operators should unite and put forth a combined front and to say that this thing or that should be done.

MR. M.R. BHIDE (REGISTRAR, CO-OP. SOCIETIES, THE PUNJAB) said that in connection with the resolution they were discussing, the point they had to bear in mind was what were the powers of the Registrar and what the other powers he reserved to himself. These powers were generally, registration and cancellation and also inspection of co operative societies. In regard to de-officialisation which appeared to be the main principle underlying the resolution under discussion, he felt it was not happily worded. As Registrar of Co-operative Societies in the Punjab for the last seven years, he had occasion to observe that the officials and non-officials were smoothly carrying on the Co-operative Movement. If this was the case in his Province, it should be much more so in the case of the other Provinces. If the Registrar who happened to be responsible to the Provincial Government acted in an unfair way in the day-to-day working of the societies, except for cogent and strong reasons, surely that officer could be brought to book by them. The Minister was a non-official, and they could carry their own idea to the Minister and convince him that the Registrar was at fault. Further, he felt that he did not think that the implication of the resolution was well understood. The report of the Saraiya Committee examined it in great detail. In that report they asked from Government Rs. 50 crores as grant for development of co-operative societies. If Government should make any such grant of Rs. 50 crores, then it was but fitting and proper that they must have some means of check or control to see that the money so granted was properly spent, and that idea was quite democratic. So the resolution concerning de-officialisation was, according to him, unhappily worded and inopportune.

MR. AKBAR ALI KHAN (HYDERABAD) said that so far as the central idea was concerned, the official side of the Conference was against the resolution they had before them. Times were changing and full-fledged democracy had been coming into existence in the country, and so far as co-operation was concerned there also the same spirit of democracy would spread and the same tendency would prevail. That was the idea. What the Conference desired to bring to the notice of the Government and department concerned with the Co-operative Movement was that in shaping Governmental policy they should give greater impetus to the development of the Co-operative Movement on more and more non-official

lines, without official interference, so that the co-operative societies could discharge their duties efficiently.

MR. B. P. PATEL (JOINT REGISTRAR, C. S. BOMBAY) wished to clearly make out his point that the Registrar in the changing form of Governments in India leading to complete democracy, would be subjected to democratic control and the insistence on the declaration of a policy by Government now would be most inopportune.

MR. BRINDABANDAS (U.P.), in supporting the resolution, said that there should be no official interference in the sphere of Co operation.

MR. T. A. RAMALINGAM CHETTIAR (MADRAS) began by saying that he had always been experiencing difficulty in formulating any definite procedure as to what should be done by the Registrar and his Department. In the majority of the societies in the Madras Presidency the work was done by the Deputy Registrar and his staff. The official interference was rather of their own making, as they asked the Co-operative Department to register, inspect and audit, etc. Some years back he thought probably the best solution would be to ask the Registrar to confine himself to statutory duties and for other work the Registrar might be put on a sort of commission, and as regards other powers it was a matter for the Legislature to legislate on the same. They might adopt a general resolution to the effect that the Registrars should confine themselves to statutory powers and for other matters there should be a sort of Council consisting of the Registrar and some non-officials, whether they be the President of the Provincial Union or Provincial Bank or some others, to advise them on the line of action that should be adopted. The Deputy Registrar might consult this Council with regard to the starting of new societies, etc. In the Madras Province they had 70 per cent of the societies under the management of the Department, which were working successfully and if they took it as official interference, these institutions should close down. His complaint for the last 10 years had been that there was no new recruitment to the co-operative bodies. So if they did not get the personnel that was necessary for the management of the co operative societies, if all these officials were withdrawn on the plea of official interference, what would happen to the societies? He therefore felt that if the Registrars had to confine themselves to statutory powers and with reference to the other duties they should have a strong non-official body or Council with which the Registrar should work.

MR. P. I. BELLIAPPA (COORG) said that the resolution was inopportune now that the National Government was functioning and the question of official versus non-official did not arise. He could not conceive why the Registrars should be made the target of attack. The Registrars merely carried out the policy of the Government, which by 1948 June would be purely national Government with a Minister in charge of Co-operation. He said that as the resolution was very inopportune, it should be withdrawn.

MR. RAM SWARUP CHAUDHURY (THE PUNJAB) said that the resolution under discussion was vague in regard to the request made for de-officialisation. He would ask the Conference to make concrete suggestions for de-officialisation. Otherwise it would be a vague and indefinite resolution. He agreed with the previous speaker that the time was not propitious to press for the resolution.

MR GUPTA (HYDERABAD—DECCAN) said that as they claimed to have popular Government, the Registrar who was a servant of that Government was also the servant of the Co-operative Movement and he would try to help the movement according to the policies laid down by the State. The Co-operative Movement should not grudge Government control.

THE PRESIDENT, declaring the discussion on the Resolution as closed, said that he felt it his duty to put before them the issue as clearly and as briefly as possible, in view of the various statements made. No one questioned the policy of de-officialisation for successful groups and types of societies, on the one hand, and agreeing to greater Departmental assistance greater association and greater control for newer Societies, on the other hand. The ultimate aim of every co-operative organisation was Swaraj, and 'good Government is no substitute for self-government.' He would emphasise the need for a policy of progressive de-officialisation to be declared by the Government, instead of perpetuating the position obtaining now. They would therefore desire Government to declare its policy of progressive de-officialisation at least in the case of approved and good types of societies working successfully. As such a declaration was very necessary in view of the great expansion being planned.

The resolution was put to vote and carried, 52 voting for and 17 against.

(The Conference adjourned for Tea at 4 p.m. and resumed at 4-30 p.m.)

ALL-INDIA CO-OPERATIVE COUNCIL.

Resolution 7.—(*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.'

Adopted unanimously

PROVINCIAL CO-OPERATIVE COUNCILS.

Resolution 8.—"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."

Adopted unanimously.

CONFINING GOVERNMENT CONTROL TO STATUTORY DUTIES ONLY.

The PRESIDENT moved the following resolution :

Resolution 9.—(*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."

Unanimously adopted.

CO-OPERATIVE EDUCATION AND PROPAGANDA.

Resolution 10.—(*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."

Passed unanimously.

ALL-INDIA INDUSTRIAL FINANCE CORPORATION—PARTICIPATION BY CO-OPERATIVE BANKS IN ITS STRUCTURE.

MR. Y. B. GAITONDE (BOMBAY) moved the following resolution :

Resolution 11. "This Conference strongly urges on the Government of India to allow co-operative banks 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 due representation on the Governing Board of the proposed All-India Industrial Finance Corporation as they will bring to bear on it the point of view of the Indian agricultural producer, artisan and the consumer."

In moving the above resolution, he said that the proposal for an All-India Industrial Finance Corporation was for the whole of India, but the Provincial Co-operative Banks were not allowed to participate in the share capital of this Corporation. Certain surplus assets of Provincial Co-operative Banks were required to be invested in Government securities. The State guaranteed a certain rate of interest on the share capital of the Industrial Finance Corporation and consequently the surplus funds meant for investment could be profitably invested in these shares rather than in mere Government Securities. It was therefore a distinct disadvantage that the co-operative institutions should be denied the privilege to subscribe to the shares of the Corporation. As regards the Directorate for the Corporation no place was provided for representation of co-operative institutions. They should therefore adopt this resolution and approach the Provincial Governments to obtain the privilege of subscribing to the share capital and also to get due representation of co-operators on the Directorate of the Corporation

The resolution was seconded by MR. THARA PRASANNA GHOSE (BIHAR).

MR T A RAMALINGAM CHETTIAR (MADRAS) suggested a small amendment, substituting for the word 'Banks' in the 1st paragraph of the draft resolution, the word 'Institutions'. If they were allotted a large portion of the share capital of the Industrial Finance Corporation, probably their co-operative banks might not be able to find all the money. As a result of the war, most marketing societies, weavers' societies, etc., were in possession of large reserves, a portion at least of the same could very profitably be invested in share capital of the Corporation. He did not think that the Government might allot them a large number of shares Even so, they should make provision for such eventual allotment. In case they allowed the share capital to be subscribed by co-operative societies, they would find that every co-operative institution would try to subscribe for some share capital.

MR. G. H. THAKORE (BOMBAY) seconded Mr. Chettiar's amendment.

THE PRESIDENT suggested the word 'movement' should take the place of the word 'institutions' in paragraph 2 of the draft resolution.

MR. T. R. RAO (ORISSA) pointed out that a province like his could not put up enough capital to take shares of the Corporation.

THE PRESIDENT replied that the object was not merely to receive the benefit but also to guide the Corporation.

The resolution was then moved with the word 'institution' substituted for 'banks' in the first paragraph thereof and substituting the word 'movement' in place of 'institution' in the second paragraph.

Some delegates insisted on the word 'institutions' to remain in the second part of the resolution.

MR. V. P. VARDE (BOMBAY) then suggested that the last sentence in the resolution be omitted, commencing from the words

"as they will bring to bear on it the point of view of the Indian agricultural producer, artisan, and the consumer."

The resolution, with the amendments, runs as follows :

"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."

The above resolution was adopted.

PLACE OF CO-OPERATION IN DEVELOPMENT PLANS.

MR. R. G. SARAIYA moved the following resolution :

Resolution 12.—**"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.

MR. R.G. SARAIYA, in moving the resolution, said that the best machinery for planning in a democratic country was co-operative planning and that kind of planning in a country like ours must start from the multi-purpose societies, *i.e.*, from the bottom, and going up to the provincial and All-India organisations. This resolution proposed to draw the attention of the villagers to the importance of co-operation and co-operation as a method of planning. In the case of the Planning Board proposed, Pundit Nehru called for public criticism. It was up to them to bring to the notice of Pundit Nehru and also to the Agricultural Department the advisability of utilising the medium of the Co-operative Movement in the domain of State planning and economic development.

CH. RAM SWARUP CHAUDHURY (THE PUNJAB) seconded the resolution.

The resolution was passed unanimously.

CO-OPERATIVE SOCIETIES FOR EX-SERVICE PERSONNEL.

MAJOR RAMACHANDRA, of the G. H. Q., New Delhi, moved the following resolution.

Resolution 13.—(*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 in particular the organisation of small scale and cottage industries, construction of public works, multi-purposes societies, etc.,

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

He said that the Co-operative Planning Committee had recommended that the ex-services men who were trained in various arts of civil utility in the army should be utilised for co-operative planning. The army took a very active part in the propaganda of co-operative principles even when the men were in service. Special classes were conducted for the personnel in some provinces like Madras, and U. P. The Provinces also were developing co-operative ideologies, *viz.*, transport and workshop co-operatives as in Madras, Bengal, Bombay and some Indian States. Ex-servicemen were also encouraged in settling in co-operative colonies and in co-operative farming.

They would thus see that the army, instead of being merely a machinery for warfare, could also contribute to co-operative planning.

CAPT. DALIP MANSINGH (U.P.) seconded the resolution.

After discussion, the words " and I. N. A." were requested to be added in the resolution, after the words " ex-services personnel."

The resolution, as amended, runs as follows:

" (*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 ".

The resolution was passed unanimously.

LAND MORTGAGE BANKS' DEBENTURES—GUARANTEE BY GOVERNMENT.

The following resolution was moved by MR. V. RAMAMURTHI PANTULU, (VICE-PRESIDENT, CENTRAL CO-OPERATIVE LAND MORTGAGE BANK, MADRAS):

Resolution 14.—(*i*) " This Conference resolves 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 Reserve Bank of India in the matter of giving advances, and requests the Government to see that the debentures are treated on a par with the Provincial Government securities."

THE PRESIDENT moved that the word 'support' be deleted and in its place the words: 'This Conference is strongly of opinion' be inserted, and that instead of 'Reserve Bank' 'Imperial Bank' be substituted.

The resolution, as amended, read as under and was duly seconded by Mr. Bikkini Venkataratnam.

(*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."

Unanimously adopted.

ROLE OF CO-OPERATION IN PROCUREMENT AND DISTRIBUTION IN THE PRESENT ECONOMIC CONDITIONS.

MR. J. P. SINHA (U. P.) moved the following resolution:

Resolution 15.—"This Conference welcomes with satisfaction the interest the Imperial, the Provincial and States' Governments are taking to develop and utilise the Co-operative Movement in the economic planning programme, but notes with regret that the Governments are not utilising the movement to the fullest extent.

"Whereas black-marketing and profiteering are rampant in the country and are affecting the society very severely; whereas the normal trade channels have acted unfairly; whereas it is necessary that the unsocial practice of black-marketing and soaring high prices should be checked; whereas Co-operation aims at service to the community elimination of middlemen as far as possible this Conference appeals to all Governments to entrust to the co-operative societies the entire procurement and distribution of all essential articles such as food and clothing."

MR. J. P. SINHA commended this to be taken as the first and foremost point for consideration. Controls existed and it was the opportune time for harnessing co-operative endeavour by establishing a co-operative store in each village. The village suffered acute shortage of necessities of life like cloth, kerosene, sugar, etc.

Thanks to the War, the villager could now take two square meals per day, which was hardly one meal per day prior to the war and which also incidentally explained the cause of food shortage in the country. The villager was in a position to spare the money necessary to take up shares in co-operative stores, and people were also now in a mood to turn into co-operators. The time was, therefore, most opportune to start these stores, to inculcate the spirit of co-operation into the villager at a time when he was most receptive to the same and instil in himself help and self-government as well. They should avail of such a golden opportunity for the expansion of the co-operative movement.

MR. AKBAR ALI KHAN (HYDERABAD) seconded the resolution. He, however, felt it was not properly worded.

The re-drafted resolution read as follows:—

"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.

Adopted unanimously.

CO-OPERATIVE INSURANCE.

PROF. S. K. YEGNANARAYANA IYER moved the following resolution:

Resolution 16.—"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 insurance 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 pay sheets 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."

MR. V. VENKATACHELLAM (SECRETARY, SOUTH INDIA CO-OPERATIVE INSURANCE SOCIETY, MADRAS) seconded the resolution. He said that Government should subsidise rural policy-holders, because the expenses for the procurement of business from rural areas were very high. Mortality of rural population would also be higher than in urban areas. Co-operative insurance and its benefit should be extended to urban industrial workers also and the premium due from them arranged to be deducted from their pay rolls. Whereas joint stock insurance companies could also invest in industrial shares to secure higher yield on their investment, but co-operative insurance societies could not do so, they therefore requested Government to arrange for the rate of interest to be allowed to them at 1 per cent above the Reserve Bank rate.

Continuing, MR. VENKATACHALAM said that co-operative insurance societies should be exempted from income-tax, as income-tax on Government Securities in which co-operative insurance societies invested, were deducted at the source. For this purpose there must be provision in the finance bill, exempting income-tax in the case of Gilt-edged Securities held by co-operative insurance societies.

MR. S.D. UJWAL (REGISTRAR, CO-OP. SOCIETIES, JODHPUR) said that before they made any demand for subsidies or concessions from Government, they should examine the demands thoroughly. They demanded Government subsidy for rural policy-holders, alleging higher mortality rate in rural areas and for other reasons. He felt mortality rate in villages might not be higher than in urban areas. The business carried on by co-operative insurance societies was the same as that carried on by ordinary insurance companies and he personally felt that Clause (a) was not happily worded, or at least needed further elucidation.

MR. G.H. THAKORE (BOMBAY) said that high mortality rate was due to lack of medicines and medical attention and low standard of life; all these justified the rural policy-holders claiming State subsidy. The cost of going to villages and canvassing insurance business was also higher. Besides the higher mortality rate in rural areas, the joint stock insurance companies would not care for such business coming from rural areas, bristling with such difficulties. Under the circumstances, the idea of charging 25 per cent more premium than the rates obtaining in rural areas, in order to provide for all the above difficulties, was quite a feasible one.

MR. A. R. MALLICK (AGRICULTURAL MARKETING OFFICER, GOVERNMENT OF INDIA) said that he had seen the working of co-operative societies and their rapid progress in England. He visited one of the biggest co-operative societies in Manchester and a second big society in London. Though the former society started with a humble beginning of a membership of about 28 weavers about 100 years ago, he was astonished to see the wonderful progress made by the society within 100 years. This society owned 50 mills and manufactured articles of daily use. Both these societies in Manchester and London developed enormously within 100 years and they owned 150 factories—textile mills, and woollen mills. They had also co-operative insurance societies and thrift societies for the benefit of their members. Now, in their country, when they said that they wanted Government subsidies for rural policy-holders, he felt that it went against the tenets and essence of co-operative societies. It was for the object of promoting thrift that they started co-operative societies in India. It was against the very principle of co-operation that a premium should be paid to the rural policy-holders for taking up a policy. The Co-operative Movement must be allowed to flourish and grow by the efforts of co-operators of the country, as had been the case in the Manchester and London Societies referred to. He did not favour State subsidies to rural insurance policy-holders.

MR. MADHAVA RAO ANWARI (HYDERABAD) said that he strongly supported the resolution. The objection seemed to be to the support of the Government to co-operative societies at every stage. To compare India and Indian villages and conditions with a leading city and capital of England was not quite correct. They must also look to the humanitarian aspect involved in co-operative insurance societies endeavouring to instil the message of insurance into the villagers and making them benefit by it. If, for such humanitarian social service, subsidy was not given by Government, there was no better cause deserving encouragement. If the subsidy was not given directly to the co-operative insurance society, but in an indirect shape of some premium to the agriculturist in rural areas, they would help the rural population immensely. He recommended that this resolution might be passed without any objection.

MR. V. VIYYANNA (PRESIDENT, SOUTH INDIA CO-OPERATIVE INSURANCE SOCIETY): observed that to spread insurance to rural parts was the main idea of the resolution and, on behalf of the villagers, he requested them all to support the resolution.

THE PRESIDENT explained that the resolution wanted that the Government should subsidise the agriculturist taking an insurance policy. But Mr. Mallick said as thrift was the essence of co-operation, he was astonished to see that we should ask for subsidies from Government in regard to rural policy-holders, instead of encouraging thrift among them and enable them to spare the necessary money for the premium. Thrift implied making both ends meet. To preach to the villager about it and ask him to save for insurance was rather absurd. It was largely on his initiative that this proposal of Government subsidy to rural policy-holders had been accepted by the Planning Committee, so that agriculturists should be induced to take out insurance policies. Co-operative movement was fostered in 1904 to eradicate indebtedness, an acute problem of the agriculturists. The root cause of agricultural indebtedness was either a father's funeral or a son's or daughter's wedding. To prevent the agriculturist from running into debt what was there better than insurance? If the agriculturist insured his life, after a certain number of years, when a marriage or funeral took place in his house the insurance money would be available and he need not go in to a *Sahukar* for a loan. To remove the patent causes of agricultural indebtedness was his end and as the agriculturist could not take a policy, being too poor and indebted, they had tried to induce him to take up an insurance policy by showing him a concession of, say, 25 per cent in the premium normally payable. There was nothing wrong in subsidising co-operative insurance. Small policies cost more to the insurance institutions than policies for larger amounts. To meet this extra cost, he induced his colleagues on the Committee to recommend that Government should pay 1 per cent more than the rate of interest paid by the Reserve Bank, in regard to co-operative insurance societies. They wanted this 1 per cent enhanced interest to be allowed to these societies at least for a few years. The idea was that co-operative insurance, provided it did not become ordinary joint-stock insurance business, and remained strictly as rural co-operative insurance, deserved all the assistance which the State could give. This would remove the agricultural indebtedness and with that plea, he put the resolution to vote.

The resolution was unanimously passed.

AGRICULTURAL CREDIT CORPORATIONS—NOT REQUIRED.

MR. C. K. THADANI (SIND) moved the following resolution:

Resolution 17.—"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."

He said that this resolution was an urgent and important one. Along with the Planning Committee, another Committee—the Agricultural Finance Sub-Committee—was appointed to find out ways and means to provide adequate loans to credit-worthy agriculturists. As this Committee felt the need for a well-organised body in the country for this purpose and as the Government department could not adequately tackle the problem of agricultural financing and also as it was thought that co operative movement and co-operative banks would not reach all the agriculturists, some other financial agency, *viz.*, Agricultural Credit Corporations, should be started. If that proposal was accepted and implemented, he thought that co-operative banks should have to wind up their business. Mr. Bhide and another Registrar of Co-operative Societies wrote strong dissenting minutes against this proposal.

The Agricultural Finance Committee's point of view was that, if Co-operative Movement had not been able to reach the people, then an Agricultural Credit Corporation should be brought into existence in every Province. The financial structure of this Corporation would be 50 per cent of the share capital to be subscribed by the State and the balance 50 per cent raised from co-operative bodies, other joint-stock banks and other insurance agencies. So far as administrative structure was concerned, there was to be a Board of Directors consisting of nominees of the Government, co-operative bodies and other joint-stock companies. As regards loaning policy, the Corporation might finance credit-worthy agriculturists for short-term, medium-term and long-term purposes. If this proposal was accepted, what would happen to Provincial Co-operative Banks? The Finance Sub-Committee stated that Provincial Co-operative Banks might finance co-operative societies and its members, but there were other credit-worthy agriculturists requiring the loans. If this came to pass, what would happen to the dual banking system—one State-owned and another largely under co-operative auspices? If such an Agricultural Credit Corporation came into existence in every Province, then within 5 or 10 years the Provincial Co-operative Banks and co-operative credit agencies would disappear. Co-operative banks, already functioning, should be helped with some modifications, to lend to credit-worthy agriculturists. In actual practice, co-operative banks and Agricultural Credit Corporation, if instituted, would be rivals.

MR. DALIP MANSING (U.P.) seconding the resolution, said that it should be passed in view of its having been adopted at the Lucknow Conference and no lengthy discussion was necessary.

MR. K. SUBBA RAO (RESERVE BANK OF INDIA) stated that the starting of the Agricultural Corporation implied no rivalry. He did not want them to change their co-operative character in order that they might work as agencies for distribution of loans to agriculturists. They said that they would act as agents. He did not think that they should say so, being co-operators. He pleaded for the establishment of the Agricultural Credit Corporation and assured that it would not be a rival to co-operation.

The resolution was put to vote and was unanimously carried.

PRESIDENT'S CONCLUDING SPEECH.

THE PRESIDENT, declaring that the business of the Session was over, thanked them all for the great patience with which they listened to him and for the great courtesy always shown to him. He did not wonder at it, bearing in mind that they were all co-operators. Apart from the economic aspect of co-operation, there was the aspect of co-operative brotherhood which they extended to him, as a brother co-operator, and for which he thanked them.

Referring to the resolutions passed, the President hoped that the series of resolutions adopted by them, would bear fruit. One of the most important of these resolutions, from his particular point of view, and from the future point of view, was the amalgamation of the two Conferences as a measure of practical convenience. If there were two separate Conferences, Government might very well say to them, that they (the non-official co-operators) passed one set of resolutions, while the Registrars gave importance to some other resolutions. When the Registrars amalgamated with them and when all of them would meet as delegates, with equal rights to speak, in order to transact business, vote and arm themselves with power, then that would carry weight. From a practical point of view, a great deal of importance should attach itself to this question of amalgamation. They had already passed a resolution on this subject. He derived some hope from the friendly words uttered by several Registrars that they would do something by which the resolution concerning amalgamation might be passed by the Registrars' Conference also. He believed

that th[illegible]istrars, in consultation with the Government, would bring about this [illegible]lgamation which would enable them to hold fully representat[illegible]ia Conferences as distinguished from the routine type of Con[illegible]the past where resolutions were passed but scarcely ho[illegible]

The de-officialisation resolution passed by them was indeed a good sign for the assured growth of the Co-operative Movement in their country. The resolutions on procurement and co-operative education and several other resolutions were also of equal importance; but he did not wish to make a lengthy review of the various resolutions and thereby detain the delegates unduly long at the fag-end of the day. He desired, therefore, to thank them once more very heartily for all the patience they exhibited during the proceedings. They, as brother co-operators, should always cherish brotherly feeling in conduct and conversation towards each other and get on amicably and smoothly. Even if they differed, it was only for the time being, and they might surely aim at reaching some general conclusions at least.

Proceeding, the President said that he would be failing in his duty if he did not refer to the great hospitality they received at the hands of the Madras hosts. Their hosts gave them breakfast, dinner and lunch on a very lavish scale and the hospitality extended to them was very thorough. Even Bombay could not have done better. The credit for all this was in a large measure due to Mr. Ramalingam Chettiar and to Mr. V. Viyyanna. He was told that Mr. Ramalingam Chettiar considered that no credit was due to him (Mr. Chettiar) but all credit was rightly due to Mr. Viyyanna for his untiring zeal and enthusiasm in having arranged for the successful conclusion of the Conference. They all saw Mr. Viyyanna always on his legs, steel legs as it were, while they were all comfortably seated, moving about here and there, looking after the delegates, attending to their comforts and convenience and to minute details. To him he would tender their grateful thanks for all the invaluable help rendered by him. The good humour with which they carried on the proceedings of the Conference, was in no small measure due to the bountiful hospitality from their Madras hosts who were personified by Mr. Viyyanna, as it were, to whom therefore all honour was due.

They had amidst them that evening a gentleman from Sweden and it was his own desire to hear from him something about the Co-operative Movement in Sweden, particularly in regard to Consumers' Movement. The previous day he wished to request him to speak on co-operative stores but he could not do so as they did not have any resolution on co-operative stores. He was just reminded of that at that juncture and it was his desire that the Swedish gentleman might be pleased to speak on co-operation.

CO-OPERATIVE MOVEMENT IN SWEDEN.

Mr. Evert Walleus, the Swedish visitor, coming from the Co-operative Wholesale Society, Stockholm, Sweden, then addressed the Conference. Speaking on behalf of the Consumers' Co-operative Movement in Sweden, he offered his greetings to all those present at the Conference. When he left Sweden, he little dreamt that he would spend his time in India when that country was on the eve of attaining a glorious era in her history, *viz.*, her complete freedom. There were certainly many problems to be tackled, he said, and, as an ardent co-operator, he thought it encouraging to find that co-operative ideas were referred to, in many cases, in the Conference as the only way for a solution. In Sweden the Co-operative Movement had developed successfully. Co-operation commenced in Sweden in the last century and had to pass through several vicissitudes, from failures to start with, to about 75 per cent success in the present century, and gradually the response from poor people to join co-operative societies increased. The Swedish Co-operative Wholesale Society had 700 societies affiliated to it with about 6,000 shops. Sweden was a small country; but one-third of the population were members of co-operative societies. The Swedish co-operative societies had plenty of capital and they were now able to start industries, national as well as international ones. The movement was based on democratic lines. The co-operative movement as far as possible catered to the educational and social needs of their members, published journals, one of the societies enjoying a circulation of 600,000 copies of its journal. The Swedish Co-operative Movement stood for both general and commercial relations between co-operative movements of different countries. When the situation improved, he pleaded that co-operative organisations in India should get into touch with similar institutions in Sweden for purposes of imports and exports of suitable merchandise to mutual advantage on purely co-operative basis. For example, Sweden was in need of textiles and India, though in short supply, could export at least some textile goods through their co-operative organisations, in order to introduce Indian goods in the Swedish markets. If they did so, it would receive every attention from the Swedish co-operators.

Each country had its own problems to solve in its own way; all the world over, co-operative ideas have been used in man's efforts to achieve better living conditions.

On behalf of the Swedish movement which he represented, Mr. Evert Walleus concluded by saying that an independent India would be enjoying a blooming prosperity, a prosperity in which the Co-operative Movement of the country would play an active and glorious part.

Mr. T. A. Ramalingam Chettiar, Chairman of the Reception Committee, and Vice-President of the All-India Co-operative Institutes' Association, expressed his thanks on behalf of all of them assembled, to the

President who conducted the deliberations of the Conference both on the two days with unique good humour and signal success. He never himself wanted to make out a single point of his own. He presented the standpoint of all dispassionately to enable them to arrive at their own conclusion. He never lost patience. These were qualities which blended to make him an ideal President. It was indeed very good of him to have taken all the pains to keep the Association going all this time and also to make all efforts to make the Conference to prepare the Agenda and clothe the opinions expressed in a most unoffensive way. The President has been good, very good to the Co-operative Movement. So they thanked him not only for having presided over the Conference both the days, but also for the activities connected with the Association and for his bringing their views before Government and others connected with Committees on Co-operation. On his behalf and on their behalf, he conveyed heartfelt thanks to him.

He thanked all the delegates, many of whom came from distant parts of India at that season of the year, with so much inconvenience. For any possible shortcomings in regard to the arrangements made for their visit and stay, he craved their indulgence. Whatever was possible to make their stay comfortable had been done. It was unfortunate that Mr. Bikkini Venkatarathnam, who was to have been the Chairman of the Reception Committee, was unavoidably away at the time of making arrangements for the Conference. He (Mr. Chettiar) was also not keeping good health, and was, therefore, not able to bestow particular attention to the arrangements. He must thank Mr. V. Viyyanna for having single-handedly attended to all arrangements and for having done everything possible.

Many of the Provincial institutions of Madras had liberally contributed towards the success of the Conference and their thanks were also due to those institutions for having come forward generously to help them in this regard.

Their heartfelt thanks were also due to the Government of Madras for having placed at their disposal the commodious Banqueting Hall at the Government House.

Mr. R. G. Saraiya and many Registrars of Co-operative Societies from Indian States and Provinces were kind enough to attend their non-official Conference, and their thanks were also due to them.

Theirs was probably a very representative Conference of all co-operators, comprising of Registrars and representatives of non-official co-operative bodies, and they could fairly claim that if ever one sought after representative co-operative opinion, one could find it easily in the proceedings of their Conference.

Mr. R. G. Saraiya (Bombay) associated himself with the pleasant duty of thanking the President for the admirable way he conducted the proceedings of the Conference. In fact, the President set up a great and pleasant lead to deal with people of diametrically opposite points of view. Whenever the delegates came up with strong words, the President expressed them in a very pleasing and inoffensive way. At Lucknow also they had the pleasure of Dewan Bahadur Hiralal L. Kaji presiding over and conducting the proceedings of that Conference in a friendly way, and there as well as in Madras, the President proved himself a true "friend, philosoper and guide" to them and to their great movement The speaker (Mr. Saraiya) therefore considered it a great privilege to thank the President and also Mr. T. A. Ramalingam Chettiar for the unique lead they were giving in the cause of their great movement.

CH. RAM SWARUP CHAUDHURY (PUNJAB), on behalf of his Province, conveyed his thanks to their Secretary, Mr. Khan Mohammad Bashir Ahmad Khan, who had been taking great pains in connection with the All-India Co-operative Institutes' Association. He also wished to thank their friend from Sweden, Mr. Walleus, who gave them an idea of co-operative movement in Sweden. As suggested by Mr. Walleus, they all could do very well if they would arrange for the major Provinces to be linked to improve their industrial development and other needs on co-operative lines and would also foster the creation of international organisations for contacting co-operators all the world over as that would strengthen their movement and thereby they would be able to do much good to their country.

MR. BIKKINI VENKATARATHNAM (PRESIDENT OF THE MADRAS PROVINCIAL CO-OPERATIVE UNION) took that opportunity to convey his apologies for his not having been in a position to perform the pleasant duty of welcoming them as Chairman of the Reception Committee, as originally arranged. Unfortunately, he had to be unavoidably away when the Conference opened the previous day. He was, however, quite confident that when he came to know that his chief and *Guru* in the field of Co-operation, Mr. T. A. Ramalingam Chettiar, took up his place as Chairman of the Reception Committee, things were in excellent hands, and all his shortcomings would be covered up. Thanks to the tireless efforts and pains taken by Mr. T. A. Ramalingam Chettiar and their indefatigable Secretary, Mr. V. Viyyanna, all arrangements connected with the Conference proved to be a complete success, and for this his gratitude to both those gentlemen was in no small measure due.

KHAN MOHAMMAD BASHIR AHMAD KHAN (HONORARY SECRETARY, ALL-INDIA CO-OPERATIVE INSTITUTES' ASSOCIATION) said that it was his pleasant duty to offer a vote of thanks to all those who contributed to the success of their Conference. As they were well aware, it was formerly arranged that the Special Session of their Conference should take place in Hyderabad. The idea was eventually given up and later the venue for holding the Conference shifted from place to place, but finally their President, in the full knowledge that the Co-operative Registrars' Conference was also to be

held in Madras at the time, took advantage of that fact to hold their Conference in Madras, and rightly timing it to take place before the Registrars' Conference.

He was very glad to find that co-operators – official and non-official – from every Province and State attended the Conference in that hot season. They were told that the season in Madras during that period of the year, was going to be trying, the description varying from hot to hotter and hottest. Somehow or other, they were fortunate enough to find that the weather in Madras was not so bad as was apprehended by many, and many delegates were able to enjoy a good season in Madras during their stay.

When they, as good co-operators, paid their compliments to Mr. T. A. Ramalingam Chettiar and Mr. V. Viyyanna for having made elaborate preparations and arrangements to make their stay comfortable and delightful, they did not do so to both of them as mere Madras co-operators. Madras certainly could proudly claim them. But it must be remembered that Mr. T. A. Ramalingam Chettiar was also the Vice-President of the All-India Co-operative Institutes' Association, and Mr. Viyyanna, Joint-Secretary of that Association. So when they paid compliments to both Mr. Ramalingam Chettiar and Mr. Viyyanna who also belonged to them, they were but complimenting themselves.

Their heartfelt thanks were due to the Hon'ble the Minister for Co-operation, Mr. K. Chandramouli, for having so kindly taken the trouble to inaugurate their Conference and delivering the inaugural address and thereby giving a valuable lead to the deliberations of the Conference.

For having so very readily and kindly placed the palatial Banqueting Hall of the Government House at their disposal, their thanks were specially due to the Government of Madras.

The Hon'ble Minister for Education, Mr. Avanasilingam Chettiar, was good enough to be present when the Conference was deliberating on Co-operative Education and Propaganda. He expressed on behalf of them their thanks to the Hon'ble the Minister for Education for having given them such valuable suggestions on so important a subject.

Registrars of Co-operative Societies from the Provinces and States, were kind enough to take the trouble of attending their Conference and keenly participating in its proceedings. He would express their hearty thanks to the Registrars present. There were exchanges of criticisms between them and the Registrars. Such criticisms were always welcome, but ultimately both the Registrars and the non-official delegates did co-operate to make the Conference and thereby the Co-operative Movement a success. The Registrars and the non-official co-operators, he was sure, had always at heart the best interests of the co-operative movement. He would once again thank them for attending the Conference and taking keen interest in its proceedings.

To Mr. A. R. Mallick, Agricultural Marketing Adviser to the Government of India, also their special thanks were due for having so kindly given them a lead on problems connected with co-operative marketing.

One new feature of their Conference was that representatives of all the co-operative marketing organisations and of the Co-operative Insurance Association were with them. The former provided them with the resolution on co-operative marketing while the latter with the resolution on co-operative insurance.

Their thanks were due to the staff of the Madras Co-operative Union, also, for their having worked late in the night in connection with taking out and providing them with copies of the draft resolutions. He would also convey his thanks to the two reporters who took down the proceedings of the Conference.

He also wished to take that opportunity for thanking on his and on their behalf the five Co-operative institutions of Madras City for having generously provided them with breakfast, lunch and dinner. Previously, upcountry visitors to Madras City used to give them about Madras food, accounts which were by no means encouraging. But they found themselves these two days sumptuously fed and looked after, and so they were profoundly thankful to their hosts.

He said that he must not forget to express their thanks to Major Ramachandra from the G. H. Q., who was responsible for the resolution in connection with ex-service personnel and the I. N. A. personnel being utilised for carrying on co-operative schemes. Major Ramachandra was keen on developing the co-operative movement among ex-service personnel who were to be found all over the country.

In conclusion, he expressed the hope that, with the help and co-operation of all of them, their All-India Co-operative Institutes' Association and their Conferences would continue to gain strength as the years roll by and that, under the able guidance of their President, Dewan Bahadur Hiralal L. Kaji, all of them, by working ardently in the cause of the great Co-operative Movement, would make India a place worth living in and a country where the population would ever be prosperous and happy.

The President announced that the Conference had come to a close.

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	1944	1945	1946
	Rs.	Rs.	Rs.	Rs.
Paid up Capital ...	6,70,800	6,70,400	6,81,500	6,81,700
Reserves ...	33,91,109	36,80,330	40,30,590	41,71,540
Fixed, Current and other deposits ...	2,92,27,881	2,61,46,570	2,60,31,978	3,50,97,017
Net Profit ...	77,567	2,14,709	2,41,835	2,40,422
Amount transferred to Reserve Fund ...	25,000	1,00,000	1,00,000	1,00,000
Other Accounts ...	5,740	61,100	82,229	68,455
Dividend at 9 per cent.	60,365	60,368	60,869	61,302
Carried Forward ...	70,510	32,825	31,564	42,229

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S. RAJARATNAM,
Secretary.

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