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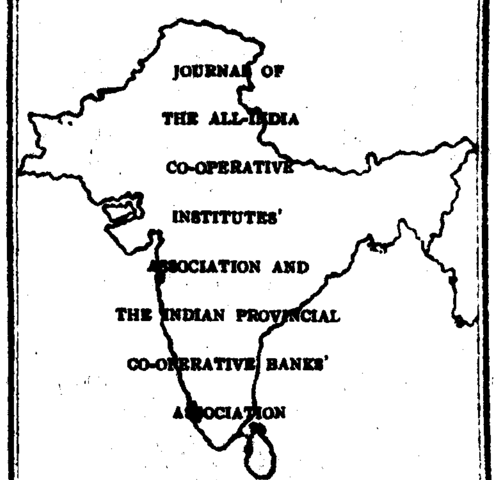

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THE INDIAN CO-OPERATIVE REVIEW

VOL. XIII OCTOBER—DECEMBER, 1947 No. 4

EDITORIAL NOTES

CONSUMERS' CO-OPERATION

In this issue of the *Review*, our readers will find some interesting and critical accounts of the situation as regards consumers' stores in some Provinces and States—in Central Provinces and Berar, Orissa, Madras, Assam, Mysore and Travancore. In many parts of India, a number of stores were organised in the last ten years by the efforts of the Co-operative Departments not only in urban but in rural areas. People too felt the need for some organised agency for the distribution of scarce commodities, particularly the controlled ones The stores were not thrust on the people; they met an acutely felt demand — at least for once in the annals of our Co-operation. Transactions mounted up to unexpected heights—though by no means comparable to those in countries abroad or even to the total volume of private trade in our own country. As a general rule the Government preferred the co-operative stores for the distribution of controlled goods; there were, however, officers who exhibited an undisguised contempt for the slow-moving and slower-thinking directors of these stores, and bestowed their favours on "the normal trade channels" which, though slightly more efficient, did not scruple to exploit the situation to the great advantage of themselves, not minding the misery the poor had to endure. It was not the merchant or middleman at any one stage or link that was the grabber, for everyone had to pay a high price; but the whole system of private trade at every stage was rendered vicious, often with the acquisence, if not connivance, of some official or other. Indeed it was a great betrayal of the private trade that was witnessed; and that people would remember for ever. Co-operators expected that one good fruit of it all would be the strengthening of the cause of Co-operation. People, it was fondly hoped, would not desert the co-operative stores the moment the crisis was over and controls were cancelled or relaxed.

There were, however, others including the Co-operative Department, that have been for sometime forecasting a great fall in transactions and even the collapse of a number of stores, as though that was inevitable. Little has been done to restore or build up faith in the stores in normal years among the common people. The lessons of the bitter experience during the last few years seem to be of no consequence to them. The need for the organisation of stores for the *poorer* rural classes does not seem to be so acutely felt even by the Department of Co-operation. The commodities stocked by many of the stores were not wanted at all by the working class, though desired by the upper classes who held control of these stores, especially the district wholesales (in Madras) if not also the primary ones.

A novel type of society, called the producer-cum-consumer society was tried in the Madras Province, in which the working class could have little chance of representation or share in the management, as the share capital demanded of members was beyond their reach and the qualification prescribed or expected for directorship much more so. It was, in effect if not in intention, a producer combination aided by the State and not consumers' co-operation. Now their activities have been suspended in the matter of procurement of food-grains and their distribution. Decontrol of prices and derationing in rural areas have taken away the main items of business of the rural stores. But the poorer classes are definitely worse off and are obliged to pay excessive prices for necessaries of life or starve. Nothing has been done to meet their needs and reorganise the rural stores. Is it possible for the rural poorer consumers to organise themselves in co-operatives and supplant private trade? Should the Government try any other plan? It has confessed its failure to set up State-trading even in essential food-stuffs or control private trade effectively. Can the work be done by a corporation, a public utility organisation aided and controlled by the State but not dominated by it? This is suggested in one of the articles.

Whatever may be the organisation for rural areas, in industrial and urban centres consumers' co-operative stores conducted, if not organised, by the working classes and citizens themselves should hold the field. Co-operative stores organised mill-war, not on a territorial basis as in the west, were an administrative necessity during the war, when production had to be stepped up by all means. Employers were induced by profit-motive to pacify and satisfy mill-hands by supplying essential commodities through the stores at controlled prices. They provided funds and accommodation and took the major part in the administration of the mill stores. When organised labour began to demand its full share in administration, concessions were withdrawn by employers partially or wholly. This is perhaps good from the co-operative point of view, as such concessions are demoralising. But we hope that organised labour will have sufficient stamina and interest in constructive co-operation, not merely in militant trade unionism.

As for the general urban stores, meant for all citizens, the T.U.C.S., in Madras and the city societies in Bangalore and Mysore have been great exemplars, though with a number of minor defects, some of which are discussed in one of the articles. They have not, however, served as demonstration units to the extent co-operators would desire.

We wish to point out, by the way, that not all the 'principles' laid down by the Pioneers are regularly followed in Great Britain. For instance, sale to non-members is permitted, as several of them might be prospective

members and in some societies half dividend is declared on their purchases, and they are helped to become members by conversion of such dividend into share capital. Sale only for cash is not insisted on; sale is also done for credit, especially of articles for which poorer classes cannot pay at one stroke. Instalment payment is encouraged. Such reorientation of policy and principles will have to be permitted in India too, modified to suit our conditions. Again, on the question of small independent societies *versus* branches of one society for a town, the latter has been favoured more and more. A strong federal society at the top in every Province and State operating like the C. W. S. of England, with branches in districts is more than ever necessary, if there is to be any co-ordination and avoidance of waste among the stores. As a matter of convenience the district wholesales, where they are in existence, may be converted into the branches of the apex organisation. It is only such a society that can take up any line of processing and production in the industrial, if not also agricultural field.

Readers will be interested to hear that the problems facing the movement in Great Britain, the home of consumers' co-operation, are of a different character, but not less disturbing. They are problems which we may have to face in the distant future. The war and the aftermath, full employment, receipt of higher wages with prices better controlled (and subsidised), the accumulation of war savings and greater social security have all tended to lessen the value of the co-operative dividend to the average wage-earner. Schemes of nationalisation of planning and regulation of industries all tend to diminish exploitation by private trade and industry —for instance, in coal, gas, electricity and transport which are public utility services and in milk, potatoes etc., regulated by the Marketing Boards. Socialism is making a greater appeal to many of the younger folk than Co-operation. The greater leisure now available for industrial workers on account of five-day week, shorter hours per day, longer holidays, etc., calls for organisation of new types of societies like restaurants, hostels, holiday camps, cinemas, games and sports clubs and other recreational activities. There is thus no end of problems for consumers' movement to solve; which only shows that it is not a static but a dynamic movement.

CO-OPERATIVE FARMING

The subject of co-operative farming has been receiving a lot of attention in recent months. The Congress Party has committed itself in its favour and every Provincial Government, where that Party is in power, seems to be in a mood to try out experiments in co-operative farming and in allied types of farming if conditions permit, —State farming, Collective farming, Joint Village management, etc. In 1946 the Government of India had sent a delegation to Palestine to study the systems of co-operative and collective farming among the Jews in that country. The report of this delegation, of which an account is published in this issue of the *Review*, has created a vague stir in the country in favour of co-operative farming, though a detailed study of the same is more likely to damper enthusiasm than strengthen it in favour of such experiments in India, where conditions are totally different. The Bombay Government appointed a special officer to enquire into the prospects for co-operative farming in Bombay. He has published a report making a useful survey of physical conditions obtaining in different parts of that Province where experiments in State or co-operative farming could be tried with some chances of success. He has briefly reviewed the working of the few societies already organised for joint farming and he is not struck by their success. The human material, it seems to us, has not been so fully studied. But the Bombay Government have resolved, it seems, to try out some of the experiments suggested and promised all forms of State-aid for the purpose.

There is a certain amount of vagueness attached to the term 'co-operative farming'; which it is necessary for co-operators to get rid of. We believe that co-operative farming implies that members come together for undertaking all or some of the operations of farming jointly, whether they co operate or not in respect of buying their requirements or selling their produce jointly, though commonly they do this. Co-operation for purchase and for sale or processing of produce by members who individually carry on farming cannot costitute co-operative farming. The Scadinavian, the Dutch and Belgian peasants excel in co-operative enterprises of the latter variety but carry on farming independently. There is, therefore, no co-operative farming among them. On the other hand, it is not necessary in a co-operative farming enterprise that members should live together or get some return for their labour on the co-operative farm according to their needs as in the Collective farms of U.S.S.R. or Palestine. It is according to their contribution of labour or land they put in the common pool that members in a co-operative farm receive their returns. There is, in fact, no abolition of private property rights in a co-operative farm. The small-holders' co-operative settlements of Palestine, some of which have been organised by seceders from the collective farm, are the best examples of co-operative farming. It is experiments of this type that the Delegation would like co-operators to try in this country, though the recommendation is not made in such explicit terms.

A study of the report of the Delegation on co-operative farming in Palestine would make it clear that the causes of success there are very peculiar and are not to be found in any form in India. The passion for settlement by the Jews in Palestine at any sacrifice, the prodigious help in funds and organisation by the Jewish National Agency backed up by the prosperous Jews all over the world, the high sense of discipline and willingness to undergo training in scientific agriculture by the settlers who were unused to agriculture, the level of intelligence and education of many of the Jews who immigrated into Palestine; ideals of Socialism which many of them had imbibed in the countries of their origin in

Eastern Europe or Russia, and above all the absence of any caste or class feeling among the settlers. Do we find any of these conditions in India? Let us also note that most of the settlements were founded on land newly reclaimed or purchased and restripped for new settlers and not readjusted to suit old cultivation on the same land.

Charles Gide, the great economist and co-operator, has pointed out, in his review of co-operative and collectivist experiments in the world, that they have succeeded most not among the erstwhile landless labourers needing to be settled as independent small-holders but among the most intelligent, educated and self-sacrificing gentlemen and religious orders belonging to a higher fraternity and not minding the mundane, materialistic buffetings of the world. At any rate these were the longest lived settlements, while the lower fry quarrelled at the least opportunity for difference and broke up.

With such a background of history of the earlier and the later co-operative settlements, we are not sure what can be done in this line in India. We think that it is far from easy to carry out such experiments among the peasantry who are wedded to old land, however sub-divided and fragmented the holdings may be. These undoubtedly should be consolidated, but it is better done by compulsion than co-operation. A certain amount of coercion seems to be quite necessary. Such consolidation will not solve the problem of small-holders. Could owners of less than a certain minimum size of holdings be expected to pool together their holdings for the purpose of joint farming and distribute the net proceeds among themselves? What are the distinctive economies realised in joint farming *i.e.*, in carrying on the process of farming, as distinguished from the economies of joint purchase of requirements and joint sale of produce? What should be the minimum size of such a joint farm? Is it not better to restrip the land pooled in compact blocks of small-holdings, each suited to a family of cultivators, to whom it may be leased at rates of rents fixed by a joint village managing board – on which not merely lease holders but also old owners of land whether cultivating or renting land would have a place? This is the scheme suggested by Mr. Tarlok Singh in his book on *Poverty and Social Change*. This perhaps would suit the reconstruction of old holdings better than any other scheme, which is not revolutionary; and this is the farthest limit to which reform could go without abolishing rights in private property, which co-operation does not attempt. Enclosed garden land holdings (under well irrigation) are better cultivated as small farms by independent owners or tenants as they are ideally suited for diversified farming.

Co-operative or joint farming, it is generally believed, may have the best chance of success among settlers on new lands, reclaimed from forests or marshes or cultivable wastes receiving new irrigation. But actual, though limited, experience shows that the passion not only for independent possession but independent cultivation is quite strong among such settlers, even though they were tenants or labourers in the past. Rights of ownership or occupancy rights are very much valued by them, and the ideal of joint farming, which has been preached, does not appeal. They could not even co-operate to buy their requirements jointly or sell their produce jointly. This should first be inculcated as a habit among them. They are among the most uneducated and backward classes in the country.

Perhaps some, if not all, of the operations of farming e. g. in preparatory cultivation and harvesting of produce, might all be attempted jointly while the others might be left to individual cultivators as is done among small holder co-operative settlements in Palestine. All this needs exploratory research by persons with an intimate knowledge of agriculture and or peasant nature, before experiments on co-operative farming can be launched.

CO-OPERATORS IN LEGISLATURES

Co-operation has now been so universally acknowledged as the best instrument for the economic advancement of a country on proper lines that no arguments or proofs are necessary in support thereof. But words and ideas remain on paper unless they are followed by action. And the national policies of a country can only be implemented by Legislation and Governmental action. While Capitalism has proved indisputably its genius for efficiency in production, Socialism is ever trying to embroil itself in wrangles and tangles of the distribution of wealth that is to be produced and to that extent hampers production and does not help equitable distribution. Co-operators, are firm convinced, that it is Co-operation alone, that permits individual efficiency and initiative that must be the necessary adjuncts of production with the group feeling and a subordination of self to the common good that brings about just and equitable distribution. A co-operative millenium may be a mirage. But it is up to co-operators to make approaches closer and closer to the ideal and while creating more and more wealth for the country, help in the effective raising of the standard of life of the toiling millions of the soil.

For the effective implementation of co-operative ideology, Legislative activity is a condition precedent; and towards this end what is most necessary is the formation of a Co-operative Party whose members are pledged to the service of this great principle of co-operation and its application to the activities of the State and its nationals. A Co-operative Party, however, is a difficult problem. In these days of adult franchise, selection and election are very difficult affairs and would entail a considerable amount of expenditure which the co-operators of to-day may not find possible. It is true that the Congress in its latest manifesto has accepted the co operative method as the guiding basis of national policy. It is true, likewise, that the Socialists also look on Co-operation with favour. It is not, therefore, in any spirit of rivalry or competition with either the

Congress Party or the Socialist Party, that we would favour the early formation of a Co-operative Party with full organisation, party leaders and party funds So far as we can see, it does not matter whether a co-operator, seeking entrance into the Legislatures, Central or Provincial, allies himself with the Congress Party or the Socialist Party, so long as he retains his individual freedom of action in the furtherance of co-operative ideology and its application to national problems. Co-operators in Legislatures, Central and Provincial, are to our mind a prime necessity at the present juncture of the re-formation of parties and representation of various interests and it may perhaps be found enough for the present not to press so much for the formation of a Co-operative Party as to press the two great political parties, the Congress and the Socialists, to include in their nominees, acclaimed and recognised representatives of the co-operative movement in India as a whole and in the provinces. The presence of such co-operative leaders is bound to make itself felt; of this, we have no doubt. In the consideration, for example, of the bill for the establishment of the Industrial and Financial Corporation, the presence of a co-operative member on the Constituent. Assembly in the Select Committee made it possible for recognition to be given to the Provincial Co-operative Banks and the reservation of a certain number of shares for them in the financial structure of the Corporation. This question was discussed at the All-India Co-operative Conference at its 6th Session held at Lucknow in 1946 and was also referred to at the 7th Session at Madras, in May, 1947. We have no doubt that co.operators will, after necessary discussions among themselves at the Provincial Co-operative Confernces, formulate a scheme for the representation of co-operative interests at the Centre and in the Provinces.

PROGRESS OF CO-OPERATION IN PROVINCES

Elsewhere in this issue of the *Review*, we are publishing brief accounts of the working of co-operative societies in some provinces—the United Provinces, Bombay, the Central Provinces and Berar. Though in certain lines of activity, like consumers' stores, there is a noticeable decline in activity, in general there is a marked tendency for the expansion of several phases of the Movement. Some Provincial Governments seem to be bent on making good the stagnation in certain lines of activity during the war years. The pent up enthusiasm for the reorientation of the whole Movement on the part of some patriotic ministers in charge of Co-operation has been given full play.

The most remarkable endurer of this is found in the United Provinces, where ten thousand multi-purpose societie—whose merits and demirits are still discussed in other provinces—have been established in place of the old village credit societies. We wish we had more details of the actual working of these societies and not merely of their objects. Increase in the number of societies is not always a criterion of progress. For instance, sugarcane societies increased in United Provinces but the percentage of cane delivered and crushed declined perceptably. Ghee societies had more members, but handled less ghee on the whole. Greatest progress has been made in the co-operative sale of cereals—but whether with decontrol, progress will continue is doubtful. State subsidies of different kinds to different types of societies suggested cannot enthuse genuine co-operators nor can they be starved by the development of departmental routine in the name of co-ordination.

Bombay has been more cautious in respect of establishment of more multi-purpose societies; but the demand for more rural credit societies was stimulated by the amendment of the Bombay Agricultural Debtors' Relief Act and the extension of the area of its enforcement. Two more 'joint farming' societies were formed; but it is stated that their main activity was confined to obtaining lands on lease and subletting them to members for cultivation under the direction of the societies. It is not clearly stated whether cultivation is done jointly or individually by members. That is the crux of the problem of co-operative farming. The number of urban banks, for which Bombay has been noted, and *Induscos* or industrial societies increased.

In the Central Provinces and Berar the new primary credit societies in villages are organised on limited liability basis and are called crop loan societies, as they issue loans only for raising crops. Recoveries of dues show a decided improvement. We are told that the land mortgage banks in the Central Provinces are getting amalgamated with the co-operative central banks and the Provincial Bank continues to function as Central land mortgage bank.

Ajmer Merwara, the smallest Indian Province with an area of 2,700 sq. miles and a population of 6 lakhs, has a variety of co-operative societies: credit for short-term and long-term, thrift societies, societies for land improvement, better farming, cattle and poultry breeding, fodder storage, for education, better living, house building and consumers' stores. But judging from the classification of societies, only a few of them are doing well—not a creditable thing for a centrally administrated province.

DEVELOPMENT OF CONSUMERS' CO-OPERATION IN THE CENTRAL PROVINCES AND BERAR

BY

D. A. PUNDLIK, B. A., LL.B.

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Consumers' co-operation which had made its first appearence in this province, towards the close of the first World War, disappeared after a brief career but its rise and expansion during the second World War has been epoch-making. From a handful of co-operative stores prior to 1939, their number has now increased to over 1,000 (464 stores and 606 multi-purpose societies which also undertake store activities). Originating among the middle and working classes in towns and cities, the stores movement has spread to rural areas also.

Under the stress of the War conditions, consumers rallied instinctively to co-operative stores as these are their own institutions which conduct business as a service. They afford protection against profiteering by private trade. They, in fact, proved a great boon to large sections of the population as they could draw their supplies of food-grains and other necessaries of life from the stores without being required to struggle through crowds or to wait in long, tiresome queues.

Government instituted economic controls early in 1942 with a view to check profiteering and black-marketing and to ensure equitable distribution of available supplies. As a suitable agency for carrying out fair distribution of controlled commodities, Government patronised co-operative stores to some extent. At the same time, the co-operative department and social workers started a drive for organising co-operative stores, which yielded good results.

Before the advent of the present Government, the stores did not, however, always get the consideration which they deserved at the hands of the authorities in whom the power of granting licences and allotting quotas was vested. The assumption of office by the Congress Ministry ushered in a new era in the history of the co-operative stores in particular and non-credit and industrial societies in general. Government accorded due recognition to co-operative stores and entrusted them with distribution of controlled articles wherever they were functioning efficiently. After the removal of this impediment, co-operative stores made rapid progress.

Co-operation thus came to play an important role in the economic life of the people.

The following statement reveals the progress of stores societies:

Year.	No. of Stores.		No. of Members.		Total Sales.		Share Capital.		Profit.	
	Consumers stores.	M. P. C. societies.	Consumers stores.	M. P. C. societies.	Consumers stores.	M. P. C. societies.	Consumers stores.	M. P. C. societies.	Consumers stores.	M. P. C. societies.
1	2		3		4		5		6	
					Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
1945-46	277	105	26,369	10,445	41,54,345	7,81.577	3,30,228	97,043	48,799	25,454
1946-47	425	527	*	42,722	56,97,426	59.97,486	6,01,422	8,38,264	Figures not available.	
1947-48	464	606		Figures not available.						

* Up-to-date figure not available.

It may be noted that the stores movement serves a much larger percentage of the population than what the membership suggests. In Nagpur, there are about 65 stores with an average membership of about 250 members each and taking one member to represent a family of 5 persons, the movement may be said to cater to the needs of about a lakh of people in respect of controlled articles and for a large number of non-members as well in respect of other commodities. Similar is the case with co-operative stores in other parts of the province.

Another remarkable feature of the stores movement at Nagpur is the establishment of a central stores, that is, a wholesale society for the first time in this province. This was followed by the central stores at Malkapur (Berar)-a tahsil headquarters. This tahsil has an imcomparable rural consumers' movement. About 70 stores which are spread over all the tahsil are catering to the needs of the entire rural population in the tahsil. Agricultural Associations at some other tahsil and district headquarters are also acting as wholesalers for the multi-purpose societies which are affiliated to them. An outstanding example is the Agricultural Association at Mandla—a district headquarters—which has fostered the growth of multi-purpose societies in the aboriginal areas. The association through a net-work of multi-pupose societies is rendering valuable help in supplying the necessaries of life and agricultural requisites to the aboriginals and arranging for the sale of their forest produce. These wholesale stores have been of immense help to small stores in getting their supplies with ease and at fair rates.

The main bottleneck in consumers' co-operation has been lack of sufficient funds. There have been cases where stores experienced difficulty in lifting quota of controlled articles for want of sufficient funds. The Provincial Co-operative Bank and the co-operative central banks are doing whatever is possible in the matter but the question of putting financial arrangements for non-credit societies on a permanent footing has become urgent. It may be noted that stores should, in the first instance, depend on local thrift in the form of shares and deposits and should resort to borrowing from outside only when it is absolutely necessary.

The stores movement has its ramifications far and wide in the province. The value of co-operative stores has been brought home to the public and also recognised by Government. Immense possibilities of consumers' co-operation have been revealed. But with the setting in of decontrol, the whole aspect has changed. The impetus given by the controls has come to an end. The impelling urge of necessity is no longer there.

Decontrol has opened a new chapter of hopes and fears in the history of non-credit institutions which came into existence during the period of controls. The crux of the problem which faces them now is how to get wholesale stocks for retail distribution among the members at rates which would retain their clientele. It was at such a psychological moment that a conference of all the non-credit societies was held at Nagpur under the distinguished presidentship of Professor. S. K. Rudra of the Allahabad University to consider the common problems facing the movement, and was inaugurated by Shri. R. K. Patil, Minister for Co-operation. It was also addressed by Dr. W. S. Barlingey, Minister for Rural Development. The Conference has taken important decisions to stabilise and stimulate the non-credit movement, one of which is to request Government to take immediate steps to establish a Provincial Co-operative Marketing and Supply Society at Nagpur.

Earlier, a conference of the representatives of co-operative stores at Nagpur was convened by the Department to consider the problem created by de-control. Two solutions were suggested *viz*:—

(1) that all primary units should federate into a Tahsil or District Unit and should get all stocks purchased from this Unit, at wholesale rates from primary markets or;

(2) that they should directly contact co-operative institutions or dealers in primary markets to get their stocks through them.

Majority of the stores were in favour of the first solution and a scheme is being evolved to implement the proposal. The attention of all Agricultural and Growers' Associations, multi-purpose societies and store societies has been invited by the Department to the new policy of de-control initiated by Government from 10th December 1947 and the staff of the Department has been instructed to help them in reorganising their business in the light of the changed circumstances. The success of any scheme of reorganisation and consolidation depends upon the willingness of the institutions to raise sufficient capital to purchase stocks, even at some risk, for distribution among their members. Government has assured wagon priority to all co-operative institutions which purchase essential food-grains in primary markets for transporting them from those places to their respective headquarters.

consumers by extending the activities of the consumers' co-operative stores over production centres and by linking the producers with the consumers through the consumers' co-operative stores. By adopting this method the consumers will have control over the quality of goods and also over the price. The producers will also be gainers in the long run as they can be assured of a good sale of their produce in the best possible way and as such they cannot be afraid of any economic depression. Specially in a country like India, where production will have to be decentralised in order to feed millions of cottage workers living in rural areas the only way to have an assured market of the produce of these cottage workers is to link them with such big consumers' co-operative stores organised in suitable business centres so that the simple ignorant and poor cottage workers may not be exploited by unscrupulous middlemen merchants.

It is needless to say that our cottage workers cannot get sufficient profit from their produce as they have not got sufficient means to purchase raw-materials and to pay the cost of labour etc. So they have to fall back upon the mercy of the middlemen merchants who sometimes advance money and supply the materials to these cottage workers and by this means bring them in their clutches so that they cannot sell their produce to anybody other than these merchants and as such cannot get a fair price. Thus the middlemen merchants cheat the producers right and left and they also cheat the consumers by taking recourse to such mal-practices as using under-weights, short measures, mixing inferior stuff. This evil force of the exploiting middlemen system can be eliminated if the consumers' co-operative stores are organised on a sound economic basis covering a fairly large area to be self-supporting and these stores supply necessary raw-materials to the cottage workers and take back their produce for marketing it at advantageous prices. If this can be done satisfactorily then it will serve the needs in the best possible way not only of the consumers by assuring them the best quality and a fair and moderate price but also it will serve to offer a great relief to the millions of rural cottage workers by saving them from exploitation. These consumers' stores will serve as a barometer to notify the taste and requirements of the consumers to the producers and as such these stores may improve the quality of the products of the cottage workers by providing them with better designs, patterns and better tools and implements for producing the same. So there is no reason for disappointment if a large number of small and mushroom stores are wound up as a result of the removal of control. The consumers' movement is now to be rejuvinated and reorganised on the lines indicated above and for this purpose a band of good workers will have to be found out. The public workers will find a very good opportunity to contact the mass through these consumers-cum-producers co-operative movement by bringing home to them the real economic benefits. So it is to the best interest of all concerned to develop this movement in the best possible way.

It will not be out of place to mention here what our Governor His Excellency Dr. K. N. Katju once remarked—" If India is to be developed,

if the country's freedom is to be retained and if the public is to benefit, the co-operative movement must be made to succeed. For urban middle class people there is no alternative to consumers' co-operatives for providing them their day-to-day domestic requirements at reasonable prices. Apart from these economic considerations, these organisations have a great social and political value, the extent and magnitude of which we do not appreciate to-day."

Another difficulty which the consumers' movement faces is want of good office-bearers and employees. The Managing Directors of these co-operatives, if they are to be developed, on a large scale, will have to be paid sufficiently so that they can devote the required amount of energy and time for the successful running of these institutions. Under the present Act, this is not allowed in many places. So the Act will have to be amended suitably to make provision for such payment, as otherwise, I am afraid, it may not be possible to get the same amount of devotion and attention from the honorary workers. The Managing Director should be selected from persons having business knowledge. As regards the employees, they should be given sufficient training in business management and if possible persons having such experience should be appointed. They should also be given proper training in Book-keeping and should be taught how to keep suitable contact with the customers. For this purpose an itenerary training staff may be appointed who would be moving round and giving training to these employees at suitable regional centres, as it may not be possible for all these employees to attend training in one centralised institution. Provision should be made in the by-laws to give sufficient bonus out of the profits of the society to the employees so that they may feel tempted to see that the society earns sufficient profit. Security should also be taken from these employees, but much depends on the honesty of these workers. So special care and caution will have to be taken in selecting honest employees for this purpose. The Book-keeping and Accounting should be as simple as possible, so that employees will not lose much more time and energy in maintaining a large number of registers than giving attention to the actual business.

With these steps taken, it is hoped that the consumers' movement will have a sure success in our country.

THE CONSUMER CO-OPERATIVE MOVEMENT IN MYSORE

BY

Y. SREENIVASAIYA

The consumer co-operative movement in Mysore is as old as the co-operative credit movement in the State. Unlike in British India where the Act of 1904 contemplated only the establishment of primary co-operative credit societies, the Co-operative Societies Act of 1905 in Mysore was framed on a broader basis, which gave scope for the formation of every kind of co-operative society. The very first co-operative society registered under the Act in the year 1905 was a combined credit and stores society in Bangalore City, formed more or less on the lines of Triplicane Urban Co-operative Society of Madras, with this important difference however, that sales were open both to members and non-members, and sales to members were allowed on credit also. Most of the consumer co-operative stores in the State are similarly constituted and are combined credit and stores societies, though there are a few which carry on only the stores business. Food-stuffs are generally the main items of sales, though cloth also is not uncommon. Firewood and charcoal are sold by some ; stationery, patent medicines, footwear and miscellaneous goods required by the middle class people are also supplied in numerous societies.

There were 78 stores societies in 1941-42. This was the average number more or less for the past many preceding years. The total sales in 1941-42 amounted to Rs. 19.71 lakhs. During the previous years also the sales were Rs. 18 lakhs or thereabouts. These societies are mainly urban stores societies, but there are rural societies also ; their volume of business is so tiny that it is not wrong to say that the cousumer movement in the rural parts is practically non-existent. There are a few village co-operative societies which supply agricultural implements and manure obtained with the help of the Agricultural Department. Barring these isolated societies, there are few which supply the ordinary household requirements of their members in the villages.

The 78 societies mentioned previously are thus mostly urban societies of limited liability, situated mostly in the big cities of Mysore and Bangalore and important industrial centres and towns Amongst them there are the ordinary general stores societies whose membership is open to any man or woman residing within the area of their jurisdiction. There are many societies attached to big industrial concerns in the State such as cotton mills, sugar mills, iron works etc. and most of them turn out a large volume of business. The officials' societies which are a fair number confine their membership only to the officials of their respective offices. It is interesting to observe that the Military Department has a large number of such officials' societies working in the cities of Mysore and Bangalore, confining

their membership to officials belonging to specific sections of the Department, such as the Lancers, Infantry, Body-guards etc Of them the Lancers Co-operative Society at Hebbal, near Bangalore, is the strongest which turns out a heavy volume of business annually.

Many of the ordinary co-operative stores confine their jurisdiction to a town or city and in the big centres like Bangalore or Mysore there are independent stores with jurisdiction limited only to a small but compact area of the city. Even in Bhadravathi the centre of iron and steel works, where there was only one store for the employees of all the industrial concerns attached to the Iron Works, latterly we find that the membership has been broken up into sections, according to the specific industrial concern the employees serve, and independent societies have been formed attached to each concern, such as the one attached to the paper mills and another to the iron works proper etc. Thus everywhere the tendency to narrow down the jurisdiction and keep the size small is in evidence.

The officials' and industrial societies sell as a rule to their members. But in the general societies, many allow sales to non-members also. But the opinion of many people has been that it is more proper to confine sales only to members.

There are very few societies which produce any of the articles they consume, either individually or jointly. An attempt to press sweet oil is made by one of the societies and the Bhadravati Society has a flour mill attached to it. Though cloth is sold by many stores, no attempt has been made to get stitched garments made for sale. An attempt to prepare underwear was made in a society and it worked for a time ; but the practice was given up when cloth became scarce as a result of the last war. Sales are both for cash and credit. In many of the societies, especially the officials', credit sales are greater than cash sales Indeed sale on credit to the members is one of the important features, in which the co-operative stores societies in Mysore have deviated from the Rochdale ideal. There are few societies which sell only for cash. This departure from one of the main principles of Rochdale Pioneers, was noticed from the very beginning of the Movement in the State and was one of the main points considered by the Co-operative Enquiry Committee of 1928, popularly known as the Samaldas Committee. They reported approvingly of the practice, as a matter of local necessity and said :—

"On the theoretical grounds there is no doubt whatever that all sales should be on a cash basis as this will enable the stores to turn over their capital rapidly. In the stores in Mysore, however, the system of credit sales is largely in vogue and forms a heavy proportion of the total sales. When the suggestion was made by us, that this system may be changed and only cash sales introduced, it was pointed out to us that the co-operative stores had to work on the same lines as private shops, that the latter freely granted credit to their customers and unless co-operative stores also followed suit, they would suffer heavily in their custom. There is considerable force in this argument, and we do not recommend total prohibition of credit sales. Care should be taken, however, to minimise the evils of the system by limiting the credit in respect of both the amount and the period".

The same subject was subsequently discussed at length in the Annual Co-operative Conference in the presence of Dr. C. R. Fay, while he had come to India on his co-operative tour. He expressed the view that credit sales were permissible so long as they were kept within the limits of assets a member possessed in the society. The practice of allowing credit to members only within their paid-up share amount, in the majority of cases, is still in vogue, though in certain fit cases credit even beyond that limit is allowed, under specific resolutions of the Managing Committee. At the last co-operative conference held at Bangalore, however, a resolution was passed in support of the total elimination of credit sales, which was more stringent than the recommendation of the second Co-operative Enquiry Committee of 1936, which was as follows :—

" Cash sales should be the rule for all, but where credit is allowed it should be restricted to members, and to the extent of their paid-up share or other assets in the society ".

Though now and then some members who buy on credit fail to pay their dues and bad debts on this head are not rare, the proportion of such bad debts to the total volume of credit sales is so small, that it may be said that this departure from the Rochdale principle has not landed the stores in Mysore into grave financial losses.

There are few stores societies, as already stated, which do not have banking also as part of their business. An experiment was once tried in the case of a society started in 1918, to run it solely as a stores. After a trial for about 8 years, it was found that it was not possible to work it successfully if the credit or banking section was not also opened. It was accordingly changed into a combined credit and stores society after which reform it throve rapidly.

Though there have been many stores working in the State it cannot be said that every one of them has thriven well as the volume of sales in many of them is too small to run the institution successfully. The sale of goods in the stores societies is mostly looked upon as merely an item of convenience afforded to the members near their houses to obtain their simple requirements of daily needs and save the trouble of going to far off market places, especially in big cities like Bangalore and Mysore. The conception that the members of these societies who form a section of the consumers of the country as a whole should organise themselves to protect themselves from the exploitation of capitalistic and profiteering interests as a part of a national policy of consumers, is not much in evidence. On the other

hand each society, considers itself as a distinct isolated entity to work out its salvation independently and solely on the strength of its own capacity, both in capital and membership unconcerned with the rest of the co-operative consumers either of the whole province or even of the same city. This narrow view has kept each one of the stores weak and unable to obtain goods either at the source or on such wholesale terms as would enable them to compete successfully with private shops. It is a frequent complaint made against the management of these societies, that things are dearer in those institutions than in the retail market of the place. The idea of producing some of the things they consume is almost rejected as unthinkable as the societies individually are too weak in membership to justify establishment of productive departments for manufacture or processing of articles for the use of their members.

Membership of societies is low partly on account of a number of beliefs which prevail amongst the members and partly due to rules of the Government. The Raiffeisen idea that a co-operative society is best run when it is kept so small in dimension as to make it possible for each member to know the rest of the members of the society quite well, is unfortunately deep-rooted even in the minds of the leaders of these societies, that expansion in membership is deliberately kept low as a matter of principle. Another idea which also owes its origin to the same source, and which is stressed, is that the work of even the stores societies should be conducted by honorary workers and to pay any money or anything which has a monetary value to the administrators as violation of co-operative idealism. Hence also the societies are kept small in dimension to make it possible for honorary workers to serve them without taxing themselves too much.

It is also a belief held that as thrift and economy are the basic principles of co-operation, it is in the interest of the members to spend the minimum on the paid staff of the society. In fact some go to the extent of saying that to secure a fair rate of interest on the shares should be the foremost consideration of the management and it is only with the surplus that may remain after such sum of money is kept apart, that increments to salaries could be considered. This view of economy has resulted in the employment of those only who would be satisfied with the meagre salaries paid in these societies, and ambitious people are practically shut out of the stores societies. Naturally the societies are manned with a staff not trained for the co-operative service and efficiency has suffered, causing both discontentment to the members and loss to the societies. The earnings of most of the societies do not permit payment of fair salaries to the employees entertained by them.

The rules of the Government referred to before also are in the way of the development of the stores societies. On the strength of ther ecommendation of the Co-operative Enquiry Committee of 1936, a rule under the Co-operative Societies Act has been framed by the Government vesting power in the Registrar to fix the number of members an urban credit societiy can have and the societies cannot admit additional members beyond that limit without the permission of the Registrar. As already pointed out, since the stores societies have generally a credit branch also attached to them, such institutions are classed as credit societies for the purposes of this rule and admission of members is not solely within the discretion of the Managing Committees. By means of another rule the Government have prohibited the same person from being an honorary secretary continuously for more than three years. The work of the co-operative stores is so complicated and difficult, that it takes a long time for a man to learn and master the method and manner of working them successfully. By the time a secretary has gained experience he is prevented from continuing in office to serve the stores, and is replaced often by a fresh man who has to learn the work again from the rudiments of the business. Thus the lack of competent honorary workers on the one hand and the untrained and discontented paid staff on the other have rendered the progress of the consumer societies well nigh impossible in the State.

There is also another rule by which it is obligatory at each election, to eliminate a third of the whole directorate who are ineligable for re-election. Yet another rule says that if a person is on the directorate of a credit society, he shall not serve on the directorate of another credit society in towns and cities which are the headquarters of a revenue district. These numerous rules which are intended to be safeguards against abuses have proved to be worse than the diseases they were expected to cure. In fact many persons who are ardent co-operators have been kept out of the societies on account of these rules, and the Movement which is suffering for want of proper workers cannot get their services, as many of them do not propose to apply to the authorities to get the necessary permission.

In spite of these and many other drawbacks and defects it must be said to the credit of many urban co-operators, that they are ardent enthusiasts of co-operative stores movement and have earnestly striven to strengthen and improve it. It is this attitude of the co-operators that has been the source of strength to the movement and which has enabled it to maintain a steady position during the two decades preceding the last War, year after year, without any decline in the volume of the business. The last War gave an impetus to the development of co-operative stores just as the first Great War had also stimulated its growth. The comparative statement printed here, for the seven years 1940-41 to 46-47, shows the sudden rise in the number of stores societies, their membership and sales during the period of the second world War and immediately thereafter. From this statement it is clear that in addition to the consumer co-operative societies proper, which rose in number from 73 in 1941-42 to 166 in 1944-45; about 473 credit societies, mostly rural, also undertook the work

Comparative Statement of Consumer Co-operative Movement in Mysore from 1940-41 to 1946-47.

Year. (1)	Number of consumer societies. (2)	Credit societies that undertook distribution latterly. (3)	Total of columns 2 and 3. (4)	Membership of consumer societies. (5)	Total working capital of consumer societies. (6)	Total purchases of consumer societies. (7)	Total sales of consumer co-op societies (8)	Total purchases of all societies. (9)	Total sales of all societies. (10)	Net profit. (11)
					In lakhs of Rs.	In lakhs of Rs.	In lakhs of Rs.	In lakhs of Rs	In lakhs of Rs.	Rs
1940-41 ...	73	...	73	17,547	26.30	16.80	18.28	...	...	75,903
1941-42 ...	73	...	73	17,865	27.15	19.06	19.71	...	...	1,07,899
1942-43 ...	123	...	123	27,096	29.03	41.99	39.44	42.64	40.0	94,500
1943-44 ...	152	473	625	33,657	29.83	...	...	215.86	223.17	Figures are not available.
1944-45 ...	166	...	...	32,564	31.98	150.37	156.87	153.44	159.96	1,70,338
1945-46 ...	151	430	581	32,942	25.21	188.80	105.05	186.12	107.35	1,46,826
1946-47 ...	152	406	558	31,614	35.80	207.27	203.98	207.37	210.66	1,06,496

of distribution of essential foodstuffs and cotton goods to the people. The highest sales were in 1943-44, when it went upto to Rs. 2 crores 23 lakhs. The next highest level was reached in 1946-47, when it amounted to Rs. 2 crores 10 lakhs. This sudden increase of sales from Rs. 19.71 lakhs in 1941-42 to Rs. 2 crores and 23 lakhs in 1943-44 was merely an accidental rise due to the conditions created by the recent world War. When Japan overran Burma and the invasion of India was feared to be imminent, the Government peferred to utilise the services of co-operative societies rather than of other business organisations or individuals, to store the essential food-grains all over the State, for the benefit of people of the country, near about their respective towns or villages. Therefore it encouraged the societies by actual propaganda and persuasion to undertake this work of distribution of food-grains out of humanitarian considerations, and offered them even interest free loans, some times amounting to Rs. 50,000 to a society for this purpose. It is this encouragement and support of the Government given to the societies for a year or two as a State policy to tide over a difficult situation which had, suddenly emerged, and which they could not otherwise tackle satisfactorily, that stimulated the expansion of the work not only of the regular co operative stores societies, but induced many of the rural co-operative credit societies to undertake the business of distribution of food-grains to the people of the locality whether members of their societies or not.

In the administration report of the Registrar for the year 1941-42 it was said—

"The acute situation created by the shortage of food-grains due to War, has put an additional burden on the societies, which are responding to the demands made on them with enthusiasm."

And in the report for the following year (1942-43,) the Registrar observed : "The consumer societies are springing up in the towns and the number of credit societies undertaking stores work as adjuncts is also on the increase."

The support given by the Government was gradually withdrawn after the termination of the War. Though the control of essential articles of food, cloth, and kerosene, was continued and the statutory rationing in urban areas was extended to fresh areas even subsequently, the quantities of goods allotted to the societies were gradually reduced, and naturally the volume of the business of the societies fell correspondingly. Goods that fell to the share of co-operative stores for distribution were far less than what were given to other private depots. Even the least mistake committed by the co-operative stores was reported in strong terms by the inspecting staff at the bottom, and frequently they recommended withdrawal of recognition given to them to distribute rationed articles and suggested or approved the opening of depots managed by private individuals. Most of the societies which were dealing in cloth had to close that branch of the business for want of supply by the Government. On the other hand, the private traders and merchants in urban centres and elsewhere were encouraged to form associations of their own to enable them to obtain in bulk on a single order, the total requirements of the whole group of retail traders, and the distribution to the retail shop keepers was entrusted to such newly formed associations. Even the co-operative societies were later on required to get their quotas as allotted by these Merchants' Associations. The position of co operative store was thus worse than what it was before the War and the trade in cloth was almost monopolised by the private merchants. There was thus a wide gulf between the verbal sympathies expressed by the officers concerned for the co-operative stores societies and the actual translation of their sympathies into practice.

The total net profits' column in the statement referred to already reveals that the net profit made during the years, 1943 44 to 1946-47, is not even one per cent, whereas in 1941-42 the net profit on a sale of Rs. 19.71 lakhs was Rs. 1.07 lakhs or more than 5 per cent. The reason for this low rate of profit is not that the societies sold goods without charging reasonable rate of profit, but that they incurred heavy losses due to shortages in stock, which was supplied through the Government Depots. Many of the larger societies in Mysore and Bangalore suffered heavy losses amounting to Rs. 10,000 per annum, year after year on account of these shortages.

The co-operative stores societies unlike private traders who have made huge profits during these war years, have lost heavily instead of making a gain ; many of them were not able even to get an amount of the surplus they were earning during the normal years with the unfortunate result that the boom in sales of the stores societies, has not enabled the co-operative stores movement to get stronger in organisation than before.

The Co-operative Department was not strengthened in the executive side though the work during the years of the War was exceedingly heavy. No initiative was taken by the Department sufficient in strength to be effective, to consolidate the consumer movement, which has been quite active during the past few years. The working difficulties of the societies are not appreciated sufficiently well by the officers to render the aid required to cope successfully with the problems confronting the societies now. The critical attitude, which the officers manifest, though quite legitimate, does not operate as a constructive force, but on the other hand, has the effect of damping the enthusiasm of workers and of taking away the intiative they may have. Bare criticism rarely evokes enthusiasm, and we find a spirit of helpless defeatism in many societies.

Though in the neighbouring province of Madras, the increased sales of the co-operative stores during the years of the last War which was the result of the policy of its Government that entrusted both the work of procurement and distribution of food-grains to co-operative stores societies to a large extent were utilised to organise District Wholesale Societies and they even contemplated seriously the establishment of a Provincial Wholesale Co-operative Society, the example was not seriously taken into consideration in this State, in spite of the fact that proportionately to the area of the State compared with that of the Madras Presidency, the sales of consumer societies were at as high a rate as that of the province if not greater. For, the sales were about a fifth of the total sales of Madras last year, though the area of Madras is more than five times that of the Mysore State. That there is, some activity in the direction of forming wholesale societies, no doubt is in evidence. For example there is a wholesale society at Shimoga and another in the Mysore City. The former is composed in its membership both of co-operative stores and private traders—a strange combination of consumer co-operators with retail traders, whose business the stores societies propose to replace by their own organisations. The district wholesale society at Mysore formed during the years of the War in 1944 is not also faring well. It was expected that the services of it would be utilised by the Government to distribute the controlled goods to the several stores societies working in the Mysore district. The Revenue Officers to whom the discretion of distribution of those articles was entrusted did not appreciate that the services through the wholesale society would be better than, the existing arrangement ; but on the ground that their responsibility to distribute the controlled articles was too great to take the risk of changing the course they had already adopted, they ignored this society and when a portion of the stock to distribute to the societies was got sanctioned by persuasive pleading, protest came from the officer who was entrusted with the function of distribution in that area, that the change of policy had upset his plan and that he would not be responsible for any difficulties that may crop up in consequence. Of course, the supply of that article to the wholesale society was duly stopped in difference to the wishes of the officer concerned.

The primary stores societies also do not appreciate the benefit of wholesale organisation. The volume of trade of each one of them is so low that they buy the goods they sell, from the local traders who are themselves third or fourth degree distributors calculated from the original wholesale distributors. Even though the volume of the requirement of each of the articles they sell is small they do not appreciate that they can render better and cheaper service to their members even now by utilising the wholesale society to get the total requirements of the whole group. The conception that combination strengthens and improves the quality of service to the consumer, is conspicuous by its absence, and even the stinging criticisms levelled against the managing committees by the members, that their persistence to buy only from the local dealers is with ulterior motives, has not roused them to think of a change of policy and turn their attention towards the district wholesale society. The members of the primaries also are not sufficiently alive to the benefits of development of the wholesale society, and do not make the management feel that they are expected to buy through the wholesale society. An awakening of the co-operative masses is what is needed now and especially a change of heart on the part of the members of the committees of management who alone can give the proper lead. It is pathetic to see how the faith reposed by the generality of the members in the superiority of Judgment of their chosen representatives is not properly responded to. Places on the directorate and offices thereon have been looked upon by many as places of power and influence and sought after for the authority and prestige, especially in the bigger institutions, they can wield and command. Frequently elections are fought more on personal considerations than with the idea of serving a cause. What it leads to when the electorate itself is so very backward and uneducated in the ideals or potentiality of Co-operation is not necessary to describe. The motive force that is manifest in many elections is patronage to a favourite or to a group nominated by a favorite, to put power into whose hands is the main object of the voters. This habit must change before improvement can be expected. To serve the members should be the chief motive of the workers, instead of to be served by them to win a place.

The spirit now prevailing in the consumers' co-operative societies needs much reform before improvement can be thought of or expected. This change of outlook can be brought about, only by means of propaganda by the press and the department of co-operation. The department is hesitant, as in numerous cases their words of guidance are not only not heeded but are held as undue interference with the internal autonomy of the societies and people are encouraged to resist such recommendations. The Department is not so organised as to take up the work of propaganda even to the extent of disabusing the minds of people, the incorrect notions they unfortunately entertain. On the other hand the Department considers that the work of propaganda and proper education should be undertaken by the societies themselves. It is notorious here that societies do not feel it legitimate to spend sufficiently large sums of money to organise the proper education of the members. The central educative organisations are more often criticised in the bitterest manner for the failure to educate the masses, than financially helped to carry out a programme of education. The pity of it is, that even the leading members, young and old, consider that to part with the money of the society otherwise than to distribute to the members or build up reserve is something detrimental to the interests of the society. The help rendered by the State also for co-operative education is negligible as it holds the view that the co-operative movement which is based on the virtue of self-help should not expect State assistance, as State assistance is often discarded in countries where Co-operation is progressive.

There is no co-operative press in the State and attempts to strengthen and popularise the one or two journals that are struggling for their very existence do not meet with sufficient encouragement from the bulk of co-operative societies. The ordinary press does not devote much of it space for this purpose.

Nevertheless, there is scope for progress of the consumers' co-operative movement in the State as there is in the Indian provinces also. The Congress has great faith in the efficacy of the co-operative movement to bring about economic improvement of the people as a whole. Agriculture, marketing and cottage industries are all planned to be conducted on co-operative principles. All these activities will prove fruitful only when co-operative production directly reaches the hands of the consumer. Organisation of consumers on co-operative basis is thus necessary and in fact occupies a prominent place at present in the Indian co-operative field. Indian co-operative thinkers are everywhere pleading for the organisation and strengthening of the consumers on co-operative lines. It looks as though consumer co-operation will be pushed on now just as co-operative credit was forty years back but we hope with better success Mysore which talks less but works more and shows good results in the co-operative field, will, it is hoped show as good results in the consumer co-operation as it has done at least in the land mortgage field, and the Government which is now run by the representatives of the people, will take a liberal and dispassionate view and in conformity with the principles kept before it as its ideal by the Indian National Congress, the Mysore Congress Ministers who have adopted the principles of the National Congress, will actively and liberally help the consumers, which means the whole population of the country, to protect itself against the exploitation by vested interests; for, to eliminate vested interests from the economic field is also the object of the Congress.

CONSUMERS' CO-OPERATIVE MOVEMENT IN TRAVANCORE

BY

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Registrar, Co-operative Societies, Travancore.

The co-operative movement in Travancore was started in 1914 in pursuance of the Co-operative Societies Regulation X of 1089 M.E. The Act provided for the organisation of societies of both credit and non-credit types. Side by side with credit societies, non-credit organisations such as consumers' societies also were organised. The first consumers' co-operative society to be started was the Trivandrum Co-operative Distributive Society, Ltd., in the capital city which was registered in the first year after the inauguration of the Movement. This Society has steadily developed from the very start and today it occupies the position of the premier co-operative consumers' society in the State.

Consumers' co-operatives were registered in several taluks in the State but their development was not on the whole very encouraging. In the beginning of 1939, there were 58 consumers' societies in the State. The turnover amounted to Rs. 5,69,145. Most consumers' societies have been established on the principles first enunciated by the Rochdale Pioneeres. These principles advocate open membership, democratic control, cash trading at market prices and dividends on purchases. In Travancore it was the experience that most of the store societies in rural areas did not function properly, whereas in urban areas they fared comparatively better.

The consumers' co-operative movement did not show vitality and strength in normal times. When the World War II broke out and when the system of controls was introduced, the people both in urban and rural areas recognised the benefit of the store societies. In the wake of this, numerous consumers' co-operative societies were registered and many of the existing credit societies amended their bylaws suitably and introduced stores activities for the benefit of the members and others. Some idea of the expansion of the purely consumers' secieties since 1939 and their present size is conveyed by the following figures :—

Year.		No. of Consumers Societies.	Annual Turnover. Rs.
1939-40	...	28	7,05,172
1945-46	...	235	2,08,23,728

An idea of the development of consumers' co-operation by credit societies as a consequence of the impetus received by war conditions can be gathered from the following figures :—

Year.		No. of credit societies which took up distribution.	Annual Turnover. Rs.
1939-40	...	22	1,59,750
1945-46	...	477	4,05,09,618

During the period of War, the distribution of foodstuffs and other essential commodities was freely entrusted to co-operative societies. The societies were exempted by Government from the condition regarding furnishing of security deposits for taking up licences under the Food Grains Control Order. All the co-operative societies between themselves enlisted nearly one-sixth of the total card-holders for food-grains in the State. Many dormant societies were benefitted considerably as a result of ration distribution. Wholesale licences were taken up by 12 societies. In the distribution work which societies took up they were liberally financed by the apex financing institution in the State, the Travancore Central Co-operative Bank. An aggregate sum of Rs. 52,13,286 was advanced by the Central Bank to societies by way of loans and overdrafts.

The middle and even the upper classes have during the last six years been drawn into these organisations. The commodities usually retailed by these societies are food-grains. sugar, cloth, condiments, oils & c. The management of these societies vests in an elected board of five to seven directors, the executive administration being entrusted to a Secretary. Daily business is carried on by a paid staff consisting usually of one manager, one accountant and a number of salesmen. Besides, there will be godown keepers, packers and others.

Among the societies which carry on distribution of consumer goods there are many which function efficiently and properly. The names of two societies, one from each category, a purely consumers' store and the other a credit society which has taken up distribution of food-grains and other controlled articles, both wholesale and retail, deserve special mention. The Trivandrum Co-operative Distributive Society at Trivandrum is the premier distributive store in the State. It has a net-work of eleven branches in the city. Even in normal times this society has been plying prosperously the business of stocking and retail distribution of food-grains, pulses, oils, condiments, ghee, sugar &c. to its members strictly on the principles of a Rochdale store. With the advent of World War II when controls were introduced, this society was given the practical monopoly for the retail sale of sugar in the City of Trivandrum in addition to other items of work. The store was assigned on the average 700 bags of sugar every month and distribution of sugar was carried on satisfactorily among 24,000 card holders till recently when the sugar control was removed. This premier store society has established a sound position and it has a site and office building of its own and it also possesses two lorries It has developed a scheme for the stocking and distribution of fuel in the City. The problem of fuel supply has of late assumed great importance and the society's intention is to do a bit of social service by satisfying the demands of the public by supplying fuel at moderate prices. The society is negotiating to take up forest coupes for the removal of tree growth which will be utilised as fuel.

The other society which is doing substantially good work in the sphere of consumers' distribution is a society of Government Servants in an up country semi-urban town at Pattanamtitta. This society which is essentially a credit organisation has amended its bylaws and introduced distribution of food stuffs and other articles. The society is a wholesale authorised licensee to deal in food-grains for the Pattanamtitta taluk and it also carried on retail distribution. The society owns a building and godown of its own which has been put up at a cost of Rs. 20,000. The society has a total working capital of Rs. 71,316, and its turnover per annum amounts to Rs. 42,36,527. The working of the society is carried on satisfactorily by a board of management and its routine work is conducted by a staff consisting of a paid manager and other paid employees.

It will be seen from the foregoing that the consumers' co-operative movement in the State—both urban and rural—has received a great impetus as a result of conditions created by the War. An examination of the working of consumers' societies all over the country shows that where there has been a failure it has been chiefly due to lack of business training or lack of proper personnel, insufficient loyalty of the members, debts arising from credit trading, too narrow margin between wholesale and retail prices, defective methods of stock-keeping and accounting and too much dependence on honorary service. Sufficient safeguards have to be provided against each of these if the Movement has to be made successful and efficient.

The simplest organisation to supply consumer goods of the rural population will be a separate society for a village or a group of villages. The question has to be examined whether there will be scope in every village for separate store, or whether the village primary society can be entrusted with this work also.

At present there are a number of consumers' stores and stores conducted by credit societies scattered throughout the State. With the removal of controls of all kinds, the problem remains whether these will survive. There is no co-ordination and there is no central agency to stock and supply consumer goods to the primaries even after the controls vanish. We have to take prompt measures on a well organised basis to see that such of the organisations as have vitality remain and continue to function, satisfying the real needs of the urban and rural population, utilising the rich experiences which have been abundantly acquired by co-operators during the last six or seven years. On the extent to which this can be achieved depends the future of the consumers' organisations.

CONSUMERS' CO-OPERATIVE MOVEMENT IN MADRAS

BY

K. G. SIVASWAMY

Since decontrol started there has been a fall in the membership and business of primary stores in the province. Sales in district co-operative wholesales were far from satisfactory. Sales to primaries from district co-operative wholesales ranged between 34 and 40 per cent. That many rural stores would die, as many trading unions died after the last war, is disputed by none. Not even the department which gave birth to these war babies feels any qualms of pain over this impending large scale infantile mortality in rural stores. Cure seems to be out of the question.

Even in normal times there were certain fundamental defects in the rural consumer organisation. The food needs of the class who managed the society were different from those of the mass of consumers who lacked the ability to combine and run a store. This reacted on the nature of the business and repelled the ordinary working classes who had to buy their requirements elsewhere. The central co-operative wholesales were not managed by consumer interest but by certain 'big men' who had a high status in society due to their capital, their lands, employment in learned professions, or their political importance. The owners of surplus produce, who were the sellers of grain to the consumers' stores played a large part in the directorate of both wholesale and primary stores. These contradictions were accentuated by the rapid multiplication of the store societies with a view to supply a machinery for distribution during the period of controls. Consumer stores for industrial labour in towns like Coimbatore were no more than instruments of serfdom ; for as soon as these were begun to be managed by labour representatives not liked by mill-owners the latter have withdrawn the concessions for their working in the mills.

The producer-cum-consumer society is a puzzling and an unreal combination. Its members and directors are not producers but rentiers having surplus grains to sell. Neither do they represent the large consumer class. The real producer organisation of agriculturists and the consumer organisation of non-producer consumers is yet to grow in our country. The Enquiry Committee appointed by the Government of Madras makes the following strictures about these societies :—

> "Some of the mill-owners and traders subscribed large amounts in their names and in the names of their relations and dependents. There were opportunities for big men to invest large capital and hold predominant interest. The secretaries were all appointed for two years. Persons appointed in most cases do not possess business experience or training. Rs. 1,42,000 were collected from societies for starting a College of 'Co-operation and Culture' which does not seem to have done any other work. There were complaints in other quarters, that accounts in these societies were not kept properly and entries were not made then and there."

A number of other defects too in the administration of these stores have come to light. Villages which could not collect a large amount of share capital were denied the benefit of a store, as if share capital had anything to do with its need or success. Primary stores and wholesale stores were asked to select as directors those who paid Rs. 500 and above as paid up share capital. Zamindars who had little to do with these stores were nominated as their directors in certain districts. Certain articles were handed over in these stores to private traders to be sold on a commission basis. In some stores it was made a condition of sale of coffee seeds that some other unsalable commodities should be purchased along with them.

Writing about the excessive margin of profit, the committee of enquiry into producer-cum-consumer societies has recorded that the wholesales had a margin of Rs. 2 to Rs. 2/8/- per bag and that one store paid above the ceiling price a sum of one rupee to the sellers of paddy.

In Godavary wholesale stores cigars, inks and hats have been manufactured in such large quantities that it would take a decade to sell them. Storage has been inefficient in certain stores, that loss and damage by insects have greatly increased. The Bellary district wholesale store has suffered by a deficiency of stock of eight per cent and more, which could not be traced solely to rats and insects. Certain transactions were carried in memory in some stores, instead of being reduced to writing.

Banks have refused to lend and auditors have refused to audit them owing to absence of correct accounting.

The condition of the employees in the wholesale and other stores is miserable. Even though the rules under the Co-operative Societies Act provide that 'security of service and reasonable conditions of work' should be provided for in the bye-laws, of societies, and the Registrar once issued a circular that expenditure on establishment would be irregular without these bye-laws, this rule seems to be observed more in its breach than its observance. The salaries of the departmental staff in these stores connot but be regularly paid as their services have been lent to them. But those of other employees are scandalously low leaving them perhaps to eke out from other sources. Dearness allowance is not paid to them. The Registrar has banned the payment of any bonus in some stores. Some of these employees are today being sent out with one month's notice owing to the decontrol policy of the Madras Government.

The value of sales of the primaries during the last year was Rs. 631 lakhs for 5.73 lakhs of members or Rs. 9 on the average per month per member. The seven Madras city stores, indicated a sale of Rs. 17 per month, being mainly due to the sales of the T.U.C.S. These sales included the supply of rationed food-stuffs at the rate of 10 to 12 oz. per adult and cloth and other articles. With the cessation of rationing, there is bound to be a fall even in this small amount of purchases per member. One should not be misled by the sale of articles for 49 crores of rupees by co-operative stores of all kinds during the last year into a belief in their soundness and magnitude. We should judge progress by the amount of individual business done by members which, even according to the present figures does not indicate steady and loyal customers. The scale of profits in these stores would be apparent from the following figures :—

On 30-6-47.	Paid up share capital in lakhs of Rs.	Reserve Fund in lakhs of Rs.
Wholesale stores ..	33.01	13.65
Primary stores ...	99.67	27.30

Within a period of 3 years the wholesales have built a reserve amounting to 42 per cent of the share capital and the primaries 28 per cent, which could only be possible by charging excessive margins. The wholesales had a margin of 4½ per cent on purchases. Three per cent of this margin related to establishment, contingencies, audit fees and interest charges. The primaries had a margin of 6 per cent, 4 per cent of which was consumed in transport, establishment and other charges.

Before we examine the future of the consumer movement, certain features of the Indian consumer economy should always be kept in view. Owing to underemployment and unemployment and the existence of low wages in many trades in spite of war conditions, there exist always consumer groups in our country whose purchasing power is low. Their number is augmented in periods of drought or floods and other natural calamities. The number of non-working dependents for low-income groups is equally large. It is in such a country that the price level has gone up $3\frac{1}{2}$ times pre-war, as against lower prices in countries with populations having a greater purchasing power. When we glibly talk of increasing the standard of life in our country, we mean cheaper goods and more goods for the common man. Apart from the price factor, the factor of shortage of essential food articles too cannot be forgotten. It is only rich countries like the U. S. A. that can practice free enterprise and yet be able to satisfy the needs of all consumers. We have little margin to play with. We cannot avoid controls for equitable distribution of existing articles and at a fair price. Private trade has written itself down as undependable in periods of scarcity. It is honest when it must be. The consumer has suffered enough under it from the evils of adulteration and high costs.

Can urban consumer organisations supplant private trade? The T.U.C.S. in Madras and urban and semi-urban stores in other places have shown the way. An intelligent group of consumers with a developed sense of loyalty to their organisation is a desideratum. The existence of members who have the capacity to direct the business is another. The maintenance of a well-paid and contented staff is the third. It will take a long time to achieve these in rural areas. The T U.C.S. has shown the way that branches are a better device of organisation for serving the consumers than small independent societies of the latter.

State trading through its own machinery is a failure. Government is itself so afraid of its own capacity to control its staff and to maintain purity and efficiency of its mechanism that, as between partial starvation resulting from a free economy and exercise of controls through its own staff for distribution of foodstuffs, it has deliberately chosen the former. Government cannot afford to antagonise its own masters who are running these stores by exposing their abuses. The price to be paid in an infant democracy is either abject surrender to corruption and inefficiency or the practice of aloofness in administration, particularly relating to economic enterprises. The Ministry can play a more wholesome part by controlling the administration of trade rather than by directly participating in it.

Can private trade be made efficient by controls? The working of the Food Grain Control Order has shown that evasion and corruption are the consequence of such controls.

Can rural consumers supplant private trade? That day is yet far off to dawn when the common man can vigilantly watch his store, select the right type of directors and wisely plan policies. More distant is the day when a federal type can function at the centre. We should, therefore, devise a body suited to the existing manpower resources. A central distributive corporation should be created for the province free from political interference. It should work directly under the Government free from the

'red tape' of any controlling department. Its chiefs should be wholetime men appointed by the Ministry. The Ministry will exercise a general control by sanctioning the budget, and appointing the paid directors for a longer period than their own period of office. The appointment of necessary staff should rest with these wholetime directors, and Government should not interfere in these appointments. There may be an advisory council of representatives of consumer co-operative societies, and smaller district corporations. 51 per cent of the share capital should be subscribed by Government. Where consumer stores cannot function, branches of urban stores should be started; where these are not possible owing to distance, district corporations should start their branches in remote areas. The corporation should have two audits one of accounts, and another of administration. Both these audits should be given full publicity. In addition Government may appoint independent commission to enquire into their working. The Legislature should have the power of annually reviewing the work of these corporations when passing the budget. The existing district wholesale stores will have to be reconstituted into district corporations and duly co-ordinated with the proposed central corporation. With the gradual development of consumers' co-operation, the central corporation may be converted into The Provincial Co-operative Wholesale and the District Corporations reorganised as District Wholesales.

The scheme proposed is nothing new. Government have advanced Rs. 2 crores to central banks for financing the stores. They have given the necessary staff free and at a concession for these stores. The Registrar has even gone to the length of issuing circulars as to the firms from which they may profitably purchase. The departmental staff has been lent as secretaries. Management by consumers with detailed control by a bureaucratic staff will only lead to irresponsibility and inefficiency in administration and a soft-minded and indifferentdirectorate of 'yes' men. Why not such semiautonomous bodies at the centre with a definite policy of promoting decentralised consumers' co-operative societies at the bottom and branches of urban stores during the transition? Granted permanent shortage for a long-time to come and the existence of low incomes as an endemic malaise, regulation of distribution with a view to achieve minimum consumer price and equitable sharing is unavoidable. And the only possible organisation in an infant democracy for this purpose is that of semi-autonomous corporations.

CONSUMERS' CO-OPERATION IN ASSAM

By

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The Consumers' Co-operation in the province of Assam emerged out of the circumstances created by the last Great War. Before the outbreak of the War there were only seventeen co-operative stores in the province with 910 members. The majority of these stores were situated in the provincial headquarters (Shillong). In its inception this aspect of the movement was considered to be a purely urban movement, the idea of organising co-operative stores in the rural areas having been thought incompatible with the illiteracy of the masses. The War however gave a great stimulus to it. With the scarcity of foodstuffs and other essential commodities during the war period when the problem of procurement and distribution of the essential requirements became more and more acute and the black marketers and the profiteers began to add to the difficulties of the consumers, all vitualised in consumers' co-operation the real remedy for the suffering masses. The Government also was faced with the complexity of counteracting the evil tendencies of the private traders and shop keepers. The need of shops where everybody could buy his requirements at reasonable prices was therefore, stressed by both the consumers and the Government. The result was that a net work of consumers' stores came into being. The following table will show at what speed the consumers' movement made its strides during the war.

Year.	No.	Members.	Share capital.	Reserve fund.	Other funds.	Working capital.	Sales.	Profit (in thousands).
			Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
1939-40	17	910	24113	22298	11592	110806	174586	8
1942-43	43	2634	46686	25898	15967	158219	516298	25
1943-44	609	57357	759589	29370	24790	943859	3522812	175
1944-45	1229	130850	2651002	38366	28121	10317647	13012842	800
1945-46	1403	135380	3026148	57666	27479	10624766	36727733	426

The satistical tables for the last two years are not ready yet, but the total number of consumers' stores at the moment is 1,524. The figure includes provincial and district organisations, central organisations and regional organisations. There are two provincial organisations—The Provincial Co-operative Textile Supply Soeiety Ltd. and the Assam Co-operative Umbrella Merchants' Association Ltd. Both these organisations are procuring and distributing agencies. The Provincial Co-operative Textile Supply Society Ltd. procures cotton cloths direct from the mills and distributes them among the sub-divisional cloth and yarn dealers' societies throughout the province. The Assam Co-operative Umbrella Merchants' Association Ltd. is the sole procurer of umbrella cloth direct from the mills and umbrella ribs and other components of umbrella from the importers in this province. It distributes the meterials among all the umbrella manufacturers of the province who in their turn distribute the

finished umbrellas among the umbrella dealers including some consumers' stores. The distribution is done by the manufacturers in accordance with the instructions received by them from the Assam Co-operative Umbrella Merchants' Association Ltd. on each occasion when the Association distributes the materials. The head offices of both the provincial organisations are situated at Shillong, but the Provincial Co-operative Textile Supply Society Lid. has opened a sub-office in Calcutta for the facility of work' Cloths procured from the different mills are despatched by this sub-office direct from Calcutta to the different sub-divisional cloth and yarn dealers. societies in the province. As procuring agencies both the provincial organisations have been playing an important role.

The Central Organisation is a half way house between the procuring agencies and the primaries. There are two types of this organisation—the Sub-divisional Cloth and Yarn Dealers' Co-operative Central Wholesale Societies and other wholesale stores. The former type of societies are located in the snb-divisional and district headquarters. There is one such society in each town to receive its quota from the Provincial Society and to distribute the same among the primaries and such other private traders as are authorised to carry on retail sales. Similarly, yarn is distributed by these central societtes as soon as it is received from the procuring agents. The contributions made by these central wholesale societies towards the success of the province-wide co-operative organisation initiated by the Department of Co-operative Societies are of a very high value. They are supplying a very important link in the organisation.

Besides the sub-divisional cloth and yarn dealers' societies there are other central wholesale societies and regional wholesale stores which are sparsely situated all over the province. Some of them are functioning as federating agencies, some are working as mere wholesalers and certain others are doing solely monopoly business. The Gauhati Central Wholesale Society Ltd. is of the first type. It caters for the primaries of the Gauhati sub-division which are affiliated to it. It procures all controlled commodities including cloth and yarn from the different sources and supplies them to primaries only. It is also doing wholesale business of non-controlled articles of daily use. It has got its motor transport to reach the supplies at the sites of the primaries. This transport arrangement besides keeping the incidental charge of the primaries at a low level is rendering quick service to the consumers in general. This central wholesale society is being managed under the direct supervision of an officer of the Department of Co-operative Societies. The Dibrugarh Central Wolesale Society Ltd. comes under the group of the central societies which are doing monopoly business. It is the only agency for procuring and distributing yarns of all descriptions in the Dibrugarh Sub-division. It receives yarn from the mills through its procuring agents and distributes them among its affiliated primaries and other village organisations. This central wholesale society also is managed and controlled by an officer of the Department. It has very successfully reduced the chance of black marketing and profiteering to the minimum. besides making yarns available in the remotest corners of the sub-division. The Nowgong District Co-operative Federation Ltd. to which the primaries of the Nowgong District are affiliated is substantially helping the Government in the implementation of the scheme which the Government have taken up for granting relief to the flood stricken people of a vast area of the Nowgong District which was repeatedly visited by floods in the recent years. The Federation receives yarns on Government account, distributes them among the indigenous weavers of the area who are generally women, through the local primaries and in return collects through the primaries half the quantity of the cloth woven by each. The weaver earns the other half quantity as her wages and the primaries earn a little commission from the Federation. The Federation sends the cloth collected from the different certres through their primaries, to other localities where there is greater demand for such cloth. for sale through its primaries. The scheme is working marvellously. In the first place it is ensuring equitable distribution of yarns keeping in view the number of looms owned by each. Secondly, it is giving subsidiary occupation to the women folk whose time would have been wasted otherwise. Thirdly, it is giving relief by allowing a fair return of their labour. And last but not the least is that it is easing a little the cloth position throughout the district generally and the flood affected area porticularly, which is undoubtedly a very redeeming feature. This Federation is also managed under the contol and guidance of an officer of the department.

The next in gradation comes the regional organisations. They are the ordinary wholesale stores doing wholesale business just as an individual wholesale dealer, without the affiliation of any primaries. Each stores has a distinct territorial jurisdiction to operate as a feeder of the primaries and sometimes, individual retailers situated within its jurisdiction. They are so far dealing in controlled commodities mainly. Although it is relised that without a net work of these wholesale stores the isolated primaries cannot render as much benefit as they are capable of doing, the number of such wholesales organised so far is regrettably poor. The organisation of this type of societies depends more on the arrangement made from time to time by the authorities controlling the supplies than on the wishes of the people. The utility of these stores is appreciated by the authorities concerned, in those localities only where the private traders working as wholesalers since before the wholesale stores were started, fail to function properly for one or the other reason. They are therefore, supplying only the missing links here and there.

The primaries although they are coming last in the order here, occupy the top place. They came into the picture to counteract the evil tendencies of the black marketers and the profiteers as soon as control was imposed by the Government on the foodstuffs and other essential requirements of the consumers. In the beginning the primaries grew as rapidly as foodstuffs became scarce and not available at reasonable prices. Considering

therefore, the important role they were to play at that moment they could not wait for any guidance of the Department of Co-operative Societies and much less for a well thought out plan, particularly in the rural areas. In some urban areas however they were organised a bit methodically. In one of the municipalities one consumers' stores was organised in each municipal ward and subsequently these stores served as ration shops for their respective wards very conveniently. In one of the sub-divisions the Government encouraged the co-operative system of distribution. The Department of Co-operative Societies set up a sub division-wide organisation, after a rapid survey. A net work of primary stores was organised. All the primaries were affiliated to a Central Wholesale Society which was located at the headquarters of the sub-division under the direct control of an officer of the Department. The Central Wholesale Society opened its branches at suitable centres and also maintained its own motor transport to carry stores to and from the Central Wholesale Society and its branches. The system has worked well so far. The Central Society procures from the different sources the controlled as well as non-controlled articles of every day use and passes them on to the primaries and thus facilitate their working.

Although the primaries were organised throughout the province obviously with a view to meet an abnormal situation arising out of the war conditions it will not be correct to say that they have no future. True it is that the majority of them which have restricted their business to controlled commodities only, are shaky now, but there is no denying the fact that a large number ot them are expanding their activities in a business like way to stand the cut-throat competition in the peace time market. The Naga Hills Co-operative Stores Ltd., which was started at Kohima in 1945, after the Battle of Kohima is transacting a huge business. During the year endig March, 1947 it earned a net profit of Rs. 89,525. It is dealing in all kinds of commodities—controlled and non-controlled, including cloths, foodstuffs, iron sheets, leather goods etc. Similarly, the Barpeta Mauza Consumers' Co-operative Society, Ltd. which is dealing in almost all the general requirements of the consumers working with a capital of Rs. 35,200 showed a profit of Rs. 12,950 in its last balance sheet. It is hardly possible to devote any space here for mentioning all the primaries of this type.

The idea of co-operative procurement and distribution has of late been engaging the attention of the people in general and the Government have included in their post-war development plan the consolidation and expansion of the consumers' stores. A Co-operative College for the province is being established to impart training to the paid staff of the different co-operatives in all matters including the efficient management of trading concerns. With the requisite training the official and non-official staff are calculated to put the Consumers' Movement in this province on a sound and permanent footing.

DEVELOPMENT OF CONSUMERS' CO-OPERATION IN AJMER-MERWARA

BY

B. L. MATHUR

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The number of co-operative stores as on 30-6-1947 was 26. The progress made by the stores will be apparent from the following :—

Particulars.		30-6-46.	30-6-47.
Membership	...	3,113	4,786
Share capital	...	Rs. 44,965	Rs. 65,269
Purchases	...	" 3,57,074	" 5,41,264
Sales	...	" 3,59,226	" 5,23,415
Deposits	...	" 6,633	" 11,267
General Bank Loan	...	" 2,309	" 4,605
Government Subsidy by Administration only		" 10,000	" 10,000
Profits	...	" 3,304	" 8,862

Besides, there are 10 sale and supply unions to which 191 primary societies are affiliated, *i.e.*, their membership is 191. During the year 1946-47 their purchases amounted to Rs. 2,38,421 against Rs. 1,27,261 of last year. Goods worth Rs. 2,18,482 were sold during the year against Rs. 1,49,062 of last year through these unions.

It is here pointed out that these stores and sale and supply unions could not show the desired improvement and the object for which these institutions were started, could not be fully achieved for the reason that the rationing authorities were quite un-sympathetic in their attitude in supplying rationed articles to them. They made short and intermittent supplies and the people affiliated to these stores felt very great difficulty. The department or the management of these societies could not help them as the stores depended entirely on the rationing authorities in this respect. Some of the stores did not work at all, simply because of the apathy of the Rationing Department who did not supply them with the controlled goods.

In spite of experiencing these difficulties the stores have attracted the sympathy of the people which is apparent from the unanimous resolutions passed in their favour at the open session of Zamindar Sabha in 1946, because the zamindars had become sure that they had not got to pay more; they were not put to any inconvenience and no black-marketing was done with them by any co-operative store. People have liked and welcomed them but the Control Department tried to strangle them.

It will not be out of place to mention here that controlled goods were supplied to these stores at the sweet will of the control authorities. This is

very well illustrated from the example that in some stores the members of which were local, the goods were supplied but limit on its membership was placed while in others the goods were not supplied saying that the membership was not large and so on.

In resolution No. VI (2) of the XIV Conference of the Registrars' held at Bombay in the year 1944 it was resolved that co-operative stores considered efficient by the Registrar should be given preference for obtaining and distributing both in wholesale and retail food-stuffs and other controlled articles and should be appointed as procurement agencies by Government and where such co-operative stores do not exist similar facilities be given to other co-operative organisations selected by the Registrar.

But in Ajmer-Merwara, we see that the Co-operative Department is ignored and other private agencies are given preference over this Department. The co-operative institutions which were working on sound basis and desired to become sole buyers of foodgrains were not allowed, while the task was allotted even to such persons who had no sufficient funds and asked for loans from the co-operative institutions. They did not fare well and put the purchasers to loss by weighing more in a maund, *i.e.*, 44 seers for a maund. Complaints were made against them for weighing more but in vain.

Ar regards supply of yarn, it is added that the members of co-operative societies are never supplied more than two bundles of yarn per month while non-members could manage to get any number at black-market rates. This shows that either the individual dealers were supplied more yarn or they were not subject to any control for distribution as the co-operative societies were.

Iron materials were supplied after a prolonged correspondence to 6 stores only and the same case was for the cloth which was supplied to only 12 out of 36. Before these things carried sure and ready profit.

The stores movement cannot, therefore, take root and thrive until the present attitude of the Control Department officials is turned from that of apathy to that of sympathy.

CONSUMERS' SOCIETIES IN H.E.H. THE NIZAM'S DOMINION*

When Co-operative Movement in H. E. H. the Nizam's Dominion was started agricultural credit societies were organised and all the efforts were concentrated towards them as was the case in India. Sporadic attempts were made to organise consumers' societies. Setbacks were many and most of these pioneer efforts did not bear fruit. The recent World War seems to have come as a boon to the consumers' movement. It suddenly came into prominence when the control was introduced and there rose the need to set up such societies for counteracting the profiteering tendencies of individuals. The Government too was able to see that co-operative societies were the best medium to fight this evil and with its patronisation societies were soon forthcoming to meet the situation.

During the first five years of the War also not much progress was made. The number of societies was six. Membership had increased from 485 to 563, but the working and owned capital both recorded a sharp decline from Rs. 56,890 and 34,632 to Rs. 12,251 and 10,325 respectively due to one big society's liquidation in 1941. The sales had, however, grown which were to the extent of Rs. 49,859 as against, Rs. 1,787 of the year 1940.

In 1945 the Co-operative Department's new scheme of setting up Taluqa Unions in all the Taluqas with its branches in suitable centres was given effect to and it is from this year that a marked change came over the whole aspect. The number of such societies rose from 6 to 102 in 1945, and stood at 250 in 1947. The membership was 563 in 1944 and rose to 55,132 during the following year whereas in 1947 it shot up to 4,91,033. The working capital which stood at Rs. 12,251 in 1944 rose to Rs. 48,02,971 the next year and further increased to Rs. 108,88,794 within two years more.

Similarly the owned capital which was Rs. 10,325 recorded a rise and was Rs. 2,760,844 in 1945 and Rs. 62.97,394 in 1947.

The sales were Rs. 473,19,113 in 1947 whereas two years ago they were Rs. 104,27,719 and a year previous only Rs. 49,859.

Thus it will be seen that the fillip given by the War proved of great value and the movement started to take a share in the business activities as well. Owing to the controls, the societies were mainly handling food-grains and the experience thus gained will, it is hoped be of use in expanding the work still further as this is but just the beginning of the endeavour and greater field still remains to be covered.

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*Note kindly furnished by the Registrar of Co-operative Societes, Hyderabad, Dn.

DEVELOPMENT OF CONSUMERS' CO-OPERATION IN INDORE*

Like the co-operative movement in other parts of India, primarily an agricultural country, the agricultural societies in our State far out-number the non-agricultural societies. Similarly credit being the first and foremost need of the agriculturist, the credit side of the Movement naturally, is most predominating. Nevertheless, the consumers' co-operative movement in the State can be said to have been initiated as far back as the year 1924, when a co-operative store in a High School in the State was registered. The growth of exclusively consumers' co-operative societies has been comparatively modest. During war-time, the utility of co-operative movement for activities such as purchase, store and distribution of food and other controlled articles was however much realised.

The number of consumers' co-operative societies in the State at present is 6 with a membership of 1,068 and a working capital of Rs. 64,652.

Besides, some of the co-operative urban societies and the co-operative central banks, in addition to their credit business, did and have been doing to some extent the work of supplying some of the requirements of their members, in urban and rural areas.

Briefly stated, the present activities regarding consumers' co-operative movement in the State are as follows :—

(1) Supply of cloth, cotton and woolen and other articles of daily requirements such as soaps, oils, etc.

(2) Supply of saris and other articles required by women.

(3) Supply of stationery and other articles required by students.

(4) Supply of controlled food-stuffs, etc.

In conclusion, it has to be added that recommendations made by the Policy Committee for Co-operation for necessary equipment of the Department and State aids to the Movement which are under consideration include those regarding problems of consumers' co-operative movement also.

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

CONSUMERS' CO-OPERATION IN THE COCHIN STATE

By

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The first consumers' store was registered four years after the movement was introduced, *i.e.*, in 1917.

Since then, the consumers' movement was making very slow progress. Want of loyalty on the part of members, credit sales made by the majority of the stores and other causes led to the closing down of some of the stores.

The Second World War gave the masses a real insight into the undesirable practices resorted to by the private trader. During this war and after the consumers' movement has had a real fillip. Whereas in the prewar years the number of stores in this State stood at 18, now we have here in Cochin 51 stores both urban and rural and 124 other types of societies doing store business as side activities. Government's preference for co-operative institutions to manage ration shops dealing in controlled food-stuffs has given all of them a good start.

The following quinquennial figures give an idea of the progress of the store societies here.

Year.	No. of Societies.	Members.	Working Capital.	Total Transactions.
			Rs.	Rs.
1,106	5	583	8,921	2.55 lakhs.
1,111	12	772	24,115	4.16 „
1,116	18	2,663	61,235	10.43 „
1,121	19	2,455	1,29,616	32.84 „
1,132	51	6,186	2,13,420	52 56 „

All the stores are now working fairly well and the transactions are bound to reach a high record this year. In spite of these encouraging features, I do not hold that the Store movement here has reached the desired level. Even now, want of loyalty on the part of members, the various temptations given by the retail merchant and absence of credit sales in the generality of stores act as real brakes to the ordered progress of store societies. It is, however hoped that the better experience of the masses at the hands of the retailers in these days of controls and the satisfaction given by the store societies to its members in the matter of correct weights and measures and the rebates given to the members according to sales will gradually bring in more and more members into the co-operative stores as years go by. Several stores and other co-operative societies conducting ration shops have been able to become very popular by their honesty of business, issue of free rations for a day or two in the year according to availability of profits and declaration of rebate to the extent of a maximum of 6 pies in the Rupee of the purchases of the members. I have every hope that these distinct gains that a co-operative store can give to its members will not easily lost sight of by the general public.

CO-OPERATIVE FARMING

By

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There has been a controversy about the meaning of the term 'co-operative farming'. At a time when the different provincial governments are vigorously considering the proposition to abolish the intermediaries on land and are faced with the problem of future land system, it is essential that we should clearly understand meaning and implications of the term co-operative farming.

Some seem to hold the view—and theoretically, this is correct—that it should mean strict application of the co-operative principles to farming, that is, to the operations connected with agriculture, such as ploughing, sowing, irrigation, weeding, harvesting, threshing, reclamation, etc. Since we already have co-operative agricultural credit societies, co-operative agricultural marketing societies, co-operative supply societies, the above definition of co-operative farming would avoid any overlapping with the other forms of agricultural societies. But in our present circumstances, is a water-tight separation of the different forms of societies desirable? Personally, I do not think so. Our co-operative farming society need not confine itself to the farming operations alone. It would be well advised to undertake the supply and marketing functions as well. In fact it would thrive better if it paid attention to these two functions and left the farming operations to the individual cultivators. But that is anticipating the next point.

If the principles of Co-operation are to be strictly applied, does it mean that we shall have individual ownership with regard to every capital and capital good that the society requires? A co-operative society is considered to be a union of individuals who join voluntarily on an open membership basis. These individuals are expected to contribute to the share capital of the society, but the share capital does not determine the control of any individual over the society. The control, that the voting power exercised by the members is the same—one member, one vote—irrespective of the share capital subscribed by them. The society can borrow capital and take capital goods on hire from outside. Co-operation, thus, admits of individual ownership. If land comes to be nationalised, a co-operative society can still be established which may take the land (from the State) on rent and make use of the land for the benefit of its members. Alternatively, today the members may pool their land in two ways. One, the owners of land may transfer the ownership right to the society and in exchange accept shares of the society of an equivalent value. These shares shall earn an interest. Two, the members, including both landlords and tenants may transfer to the society the right to use land. In turn, the society shall make a return on the money value of the right. Thus a co-operative farming society can be organised both when the land belongs to others (including the State) and when the land is being used by others.

The point still left out for discussion concerns the "open membership" of the society. Does it imply that the member who likes to withdraw should have the right to demand back the particular piece of land which he brought in when he became a member of the society? Some may like to brush this question aside by saying: "If true co-operative farming society proves more beneficial to the members, none of them would leave it." That argument cannot be accepted. Firstly, theoretically we should not leave out a consideration of this possibility. Secondly, even if the society proves beneficial, it does not follow that there will be no movement from the agricultural profession to non-agricultural ones and *vice-versa*. To give one example, a father may be interested in farming under the aegis of the society. His son, may have a taste for urban jobs, may be more fit for non-agricultural work, or may like to cultivate individually. Therefore, if a member leaves the society should he have the right to get back any land at all? Should he have the right to get back the same piece of land which he brought in?

One view has been that it is immaterial whether the withdrawing member gets back land or a payment for that land. Personally, I think that the member must have the right to claim a return of land provided he satisfies the society, or better still the Panchayat of the region, that he shall cultivate the land himself. If he wants to leave the agricultural profession, then the money-value and not the land should be given to him. In case the withdrawing member wants to cultivate the land individually the original piece of land should not be returned to him unless it be situated at the boundary of the area looked after by the society. The criterion of determining which piece of land should be made over to the withdrawing member should be that it should cause the least disturbance to the work of the society. Of course the piece of land returned should be equal in value to the original piece of land.

Open and voluntary membership gives rise to another question which is relevant to Indian conditions. Should co-operative farming societies be organised on completely voluntary, persuasive and permissive basis? Our experience with regard to the consolidation of holdings on such basis has made it clear that if we want a speedy solution of the problem of small and scattered holdings, we should give up the hundred per cent persuasive method in favour of a partially compulsory method. If one-third of the cultivators in a village want the co-operative system, it should be made compulsory for all others. This condition has no reference to area. It may be said that this is dangerous. Some lowly-minded persons in the rural area may apply for the establishment of the society with a view to have some sort of revenge. I do not subscribe to that view. I do not think that this would happen in more than a small percentage of cases. I exclude the reference to area, because the co-operative principles lay stress on the individual and not on what the individual has.

Lastly, should not family-farming be the ultimate goal of the society? Is it desirable that the members should work on the farm as paid-labourers, or collectively as in Russia, or as one who has been allotted a plot per family on hereditary or life-tenancy basis? Personally I feel that ultimately each peasant family should have a farm to itself on the life-tenancy basis. When the member dies, the farm would be re-allotted, but the last family would be preferred if it has the capacity and willingness to carry on cultivation. Even in Russia, they are coming round to this same arrangement. Work preferably of the same kind on the same plot is allotted to brigades of forty, fifty or sixty persons, so far as the collective farm is concerned. In addition, each family is allowed a homestead plot. While the efficiency on the homestead plot is more, that on the plots looked after by the brigades is not so. Family-interest proves more weighty than group-interest. This is natural. However, in further justification of family farming I would only quote from Karl Brandt's *The Reconstruction of World Agriculture* (p. 262):—

"A rural society can offer its farm population much greater satisfaction and lift itself to a higher level if most of the farmers have that freedom of management which private property gives. They can more fully earn the benefits from their own skills initiative, and effort, than if they are landless rural proletarian, who obey the commands of foremen or managers and merely play the role of a certain measure of manpower exchanged for a wage, or members of a collective farm with few opportunities to utilise their individual abilities. So far it has not yet been proved that given equal opportunity family farming couldbe beated in its costs of production and in technical and economic performance by large scale farms, no matter whether these are privately owned and managed estates, corporations or collective farms...... Nowhere in the world have the most efficient and profitable large scale farm enterprises ever seen fit or been able to provide their labourers with housing facilities, real income or general amenities from their rural existence similar to those provided by millions of family farms in Europe or the United States.

Before I close, I must mention that 'equal opportunities' mentioned in the quotation may not be available to many million farm families. This is the situation in India. 'Equal opportunities' stand for such conditions as educational facilities, consulting services, credit facilities, public research, equally good land and the opportunity to adjust the size and lay out of farms according to the requirements of efficient work. If these facilities are not available to millions of families in India, the reasons are firstly, social and economic monopoly by the larger farms and secondly the absence of good Government and its services to the people.

CO-OPERATIVE JOINT FARMING IN BOMBAY*

The Rokda Joint Farming Society.

Origin:—In the year 1931, the Agricultural Department took lands in Rokda Village on lease measuring 230 acres for multiplication of improved strains of cotton seed. Up to the year 1938 the Agricultural Department managed all the lands, but later the Department, after retaining only 30 acres distributed the remaining 200 acres amongst 9 tenants, each getting an economic holding of about 22 acres. The tenants used to till the lands themselves under the supervision of th Farm Superintendent. The object in doing this was to curtail the expeniture on the farm and facilitate seed multiplication through the tenants. In March 1943, however, Government decided to close down this form. as there was no necessity for running such a farm in the non-wilt zone for the Jarilla cotton seed multiplication scheme. Consequent on Government's decision to close down the farm, the position of the tenants was affected as they had found the tenant farming on scientific basis profitable and wanted to continue as tenant of the farm. The dealings of the tenants with the owners of the lands were through the agency of the Agricultural Department and this process eliminated scope for harassment of the tenants. They, therefore, decided to organise themselves into a Joint Farming Society and the society was registered on 8th April 1943.

Objects:—The objects of the society are as follows:—(1) To purchase or take on lease lands for cultivation and allied purposes, (2) to arrange for joint purchase of farming requirements of members and joint processing and sale of farm produce, (3) to raise loans on security of lands and other assets of the society and to advance loans to members for carrying on agricultural operations and encouraging subsidiary occupation amongst members, (4) to arrange for expert advice and spread of Agricultural Education amongst members.

The membership of the society is open to persons of good moral character who occupy the lands belonging to the society and who actually work on these lands. The society raises its funds by way of entrance fees, issue of share capital, value of each share being Rs. 25, deposits and loans, donations and grants. The maximum limit of share capital is fixed at Rs. 5,000. The total share capital of this society on 30-6-46 was Rs. 1,435.

Working:—The society takes lands on lease from the land lords and divides it into suitable plots and leases them for cultivation to its members. There is no collective cultivation of lands and no collective ownership of the produce. Members cultivate the plots assigned to them and take full responsibility for profit or loss accruing from the cultivation of these plots.

* Note kindly furnished by the Registrar of Co-operative Societies, Bombay.

The society has completed 3 years of its existance, has a total membership of 15. An area of nearly 361 acres with an assessment of Rs. 1,146 from 6 absentee land lords has been taken on lease for a period of 5 years at a rent usually 3 times the land revenue, excluding land cess. The society has leased its lands to the 15 members for a period of 11 months charging them 4 times the land revenue excluding the amount of cess. Thus the society keeps a margin equal to the actual land revenue as its commission to meet its expenditure. The help of one Rural Assistant is given to the society to guide its activities. The society arranges to supply manure and seeds to the members. It also gives advances on cash basis to the members for meeting their various requirements. After the harvesting season is over, the members are required to bring their farm produce and keep it in the society's godown. During the year 1945-46, the produce was pooled and sold jointly and the members realised that they could get better prices by selling the produce jointly than by selling it to merchants individually.

During the year 1945-46 the society distributed 84 bags of oil-cakes to members It also distributed 27 bags of ground-nut seeds at the rate of Rs. 15 per bag. It purchased 10 bags of Jarilla cotton seeds from the Amadhdhe Co-operative Cotton Sale Society for supplying to its members. During the year it advanced Rs. 1,464-13-0 by way of loan to its members. The society has stocked 4 iron ploughs for giving them on hire to its members and realised Rs. 38-2-0 as rent. In the year 1945-46, one piece of land S. No. 80 measuring 11-2-0 was reserved for joint cultivation by all the members, and jowar was sown in it by the members jointly.

As will be seen from the above, joint farming is only a very small part of the work of the society and it may be more correct to call it a Better Farming Society.

The Karda Joint Farming Association.

Origin and Objects.—Karda, a village in the Shirpur Peta of the Poona District, where recruiting had been the heaviest in the whole district, was specially selected by the Poona District Rural Development Board as a suitable place for rural reconstruction activities. A grant of Rs. 2,000 was specially reserved by the Board for carrying out the programme of reconstruction. An experiment in joint farming by organization of a Co-operative Joint Farming was considered the best means of enabling resettlement of the ex-servicemen. Although the society was registered in 1945, the idea of joint cultivation did not immediately find favour with the agriculturists in this village. A beginning in this direction was made first by common supply of requisites of agriculture like seed, manures, implements, etc. A considerable amount of the initial grant placed at the disposal of the society was utilised in purchasing these requisites, which were supplied to the intending members of this society. The society wanted to limit its activities to the families of men with approved war service. In view, however, of the scattered nature of their

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holdings, the society had subsequently to be thrown open to all the agriculturists at Karda. At present, the membership of the society is open to all the agriculturists who own lands in the village. A vigorous propaganda in favour of joint farming had to be made before it was possible for the society to persuade even some agriculturists to put together their lands in different blocks with a view to share together the profits of farming.

Actual working and work for the future.—It has now been possible to start the work of joint cultivation in some lands of the village. The society has so far taken up 3 different blocks of land where this work of joint cultivation is carried on at present. The total area comprised in these three blocks comes to 315 acres.

Block No. 1 :—Measures 114 acres. All lands in this block are owned by an absentee landlord, who has leased out the entire piece of land to the society for cultivation. The society has entered into an agreement with the owner who has agreed to extend the lease to a period of 10 to 15 years, if necessary. The whole piece is cultivated by ex-servicemen and their families. In all there are 5 families of ex-servicemen who supply all labour for their block. These labourers are paid fixed wages at the rates which obtain in the village. Any surplus that remains after payment of the dividends to the shareholders is again divisible amongst cultivators of this block. Except for occasional labour which had to be drawn from outside for specific needs, the entire farming of this block is done by ex-servicemen and their families.

Block No. 2 :—The society has succeeded in achieving the object of joint cultivation in the methods it has adopted in cultivating land in block No. 2. Here, the entire land, which admeasures 125 acres and belongs to 5 different owners is put together and cultivated as one piece of land by all these cultivators. They have agreed to share the profits of the industry on common basis and have also undertaken to cultivate it. Practically, no labour is drawn from outside except for casual purposes. Acting members of the families of these owners of this land, who put their labour in cultivating it, are, entitled to get their wages at stipulated rates in addition to the profits in the industry. In determining the profits of the industry carried on in this area, consideration of the land as factor of production is also taken note of. The real aim of the society is to develop its work on the lines on which it is begun in block.

Block No. 3 ;—The society has recently persuaded 6 additional owners of land admeasuring about 76 acres in that village to adopt the methods of joint cultivation. Lands in Karda village are dry lands and the area is always liable to famine. The society aims at improving the lands of the village and has actually a programme of construction of wells in this area. It proposes to put pumps after the existing wells in the area are repaired. It is exepcted that out of 76 acres, an area of about 25 acres would be converted into Bagayat lands. The society has recently approached Government for the grant of a loan of Rs. 10,000 for this purpose on easy terms.

The society is, in addition, carrying on the usual activities of a better farming society. Such activities consist of supply of quality seed and manures to the members of the village. It has persuaded the members to carry on farming on improved methods recommended by the society. Improved implements are also used by the villagers of Karda. All these activities of the joint farming society are, however, incidental and are intended to create an incentive in the minds of the villagers In favour of joint cultivation.

Government Assistance.—Apart from the assistance received from the Rural Development Board, the society has not drawn any monetary help from Government so far. It has recently applied for a long term loan of Rs. 10,000 on the security of lands of its members on easy terms. Free services of an Assistant District Co-operative Officer who supervises the work of the society and maintains its accounts are granted by the Co-operative Department. In addition, the services of a Manager, who is from the ranks of Circle Inspector in the Revenue Department and who looks to the administrative side of the society, are also granted gratis by the Revenue Department. The real task before the society lies in persuading the illiterate men of the village to adopt the advantages of joint cultivation, and it is yet too early to say whether it will be possible to consolidate and extend the progress achieved so far.

CO-OPERATIVE AND COLLECTIVE FARMING IN PALESTINE

By

K. C. Ramakrishnan

The Report of the Indian Delegation on Co-operative Farming in Palestine, published by the Government of India, * is a fascinating factual account of a live movement in that unfortunate country, still torn by political dissensions. What the Jewish settlers have achieved in the last thirty years by way of co operative and collective farming has come up to, and even exceeded the expectations of Utopian co-operators of old, some of whom succeeded in setting up some 'enclaves' of co-operative communities in the midst of a vast competitive world, especiallv in the New World. Considering the qualitative rather than the quantitative aspect of development, even the Collective Farming of U. S. S. R. seems to pale into a shadow by the side of the Collective Farms and Settlements run in Palestine without any authoritarian regime and entirely by voluntary acquiescence. The other types of Jewish co-operative farms too are very well run and are worthy of a close study by co-operators in India.

The Delegation that went to Palestine and toured the country for a month in 1946 consisted of four official and four non-official delegates and was led by Dr. T. G. Shirname, now Agricultural Marketing Adviser to the Government of India. The account given of the different types of farming in Palestine is full and frank. It is highly appreciative of several phases and mildly critical of some. There is indeed no comparison between what Palestine Jews have achieved and the few feeble attempts that have been made in India by way of co-operative farming. These have been summed up in a few paragraphs in this report. We wish the Delegation had examined these in detail in an appendix. The recommendations and suggestions made for adoption in India of some phases of co-operative farming are not quite so bold and clear as readers would wish. It has been perhaps left to co-operators in India to discuss all the aspects and come to some definite conclusions.

The following is a summary of the achievements of the Jews in Palestine, of which a full account is found in the report. The summary will give, we trust, an idea of the wide disparities in conditions between India and Palestine and the lee way we have to make to succeed in any line of co-operative farming.

Palestine is a very small country, with a population of 1. 75 millions, *i. e.*, less than that of Bombay or Calcutta at present, and perhaps equal to that of the average of a district in the Madras Province. The Jews are only a third of the total population of the country, the Arabs constituting nearly two-thirds. The total cultivated land is 1·75 million acres, of which the Arabs hold 1. 5 millions and the Jews hold a little less than

* Manager of Publications, Government of India, Delhi.—9 Annas.

200,000 acres. The climate is temperate in some parts, tropical in others. Half the total area has less than 8 inches of rainfall. Irrigation is costly and is the limiting factor in the development of agriculture. Arabs practice a slovenly kind of cultivation on fragmented holdings, using a lot of cheap human labour Only some of them go in for special crops. Most are content to grow cereals in an extensive fashion. Jewish cultivation, on the other hand, is intensive, using plenty of capital, but economising labour, which is all Jewish. They cultivate cereals only to a limited extent, but practice mixed farming, raising dairy and poultry products. Most of the fodder crops in the country are grown by them. They specialise in the cultivation of citrus; they also grow figs, grapes, olives, etc., on slopes of hills. Employment on land is more evenly spread out, throughout the year, though there are some peak periods.

It is more than sixty years since the Jews began to settle in Palestine with the help of philanthropists like Baraon De Rothschild. The passion for settlement in a country which they conceived to be or wanted to make their homeland was so great that they did not mind any obstacle or hard work. Finding safety to life and property rather precarious in their first individual settlements, they were obliged to adopt common safeguards and later on learnt to live and farm in groups. They were greatly aided in their efforts by certain national institutions founded for their welfare. The Jewish National Agency was set up with a lot of financial backing by influential Jews all over the world to foster the settlement of Jews in Palestine. A Foundation Fund was built up to grant long term loans at 2 per cent. Land was purchased and 'ameliorated' *i. e.*, made fit for occupation by the Agency and let out on a 49 years' lease, for collective and co-operative settlements preferably. Elaborate arrangements have been made for getting settlers, unused to agriculture, trained in scientific agriculture and co-operative methods. Boys and girls are trained in a number of institutions, where they learn above all the dignity of labour of every kind.

The General Federation of Jewish Labour (*Histadruth*) has played not a little part in giving the right tone to the number of settlements that have been built up, shorn of all capitalistic notions. The Federation has set up not only a Workers' Union, but a Workers' Bank, and it controls a number of industrial producers' societies. Another great institution which has stimulated and sustained co-operative settlements is the ***Hamashbir***, which acts as a central supplying agency, a sort of co-operative wholesale for all the farms and farm population and as the selling agency for certain types of farm produce, especially food grains. The more recently formed ***Tiruwah***, Ltd., has taken up the sale of fruits, fish, dairy and poultry products. Individual settlers as well as co-operative settlements are all very loyal to the above institutions.

There arethree or four types of Jewish farm settlements which deserve detailed study:

I. The first is the *private village*. consisting of independent cultivators and other workers, as we have in our country. A little more than half the population live in these villages. Many of them are located close to towns. There are several villagers who cultivate each a small piece of land and engage themselves in trade and industry close by. There are many who, are full-time cultivators of their own or others' land. Citrus cultivatition, for which irrigation is essential, is most important in these villages, occupying nearly 100,000 out of the total 120,000 acres under citrus held by the Jews. There are about 6,000 farms in these villages, the average size of a farm being 15 acres. Nearly 50 per cent of the farms are cultivated by tenants, as owners are absentees. Hired labourers are engaged during harvests. There is nothing special in the working of these villages as compared with ours in India. There is, however, one remarkable difference. Though no joint farming in done, the individual farmers co-operate for many other purposes, as they do in Denmark or any other Scandinavian country, with a number of single purpose societies—for purchase, sale, thrift, credit, water-supply, etc.

II. (i) There are 99 *small-holders' co-operative settlements*. In four of them, members perform all their economic and social activities collectively—but eat and live independently. Every family gets an allowance for its maintenance from the common settlement purse. It "enables a member to enjoy the privacy and pleasures of family life with advantages of collective farming". It is very much like the Russian Kolkhoz, and it is said to be gaining in popularity over the purely collective settlement. Work on the farm is organised in the same way as in the latter. It is allocated according to capacity of individual members, according to sex, age, ability, etc. Every family has a separate house which belongs to the settlement. It seems to us to be a misnomer to call these *small-holders'* settlements.

(ii) The other 95 settlements of small-holders consist of members who carry on farming, each on his own holding, independently to a large extent but take up some operations of farming jointly by machinery—tractor ploughing, harvesting and threshing. The fields for growing crops are laid out in such a way as to form a series of three or four concentric belts in each of which the same crop is grown by every individual member. This facilitates cultivation by machines and the guarding of crops. The whole settlement is planned in the form of a big circle with public buildings in the centre and the dry land in the outer periphery. The land is given by the National Agency and every member gets that much which he can cultivate with the aid of his family labour. The lease of land is given for 49 years to the settlement which allocates to each family about 6¼ acres of irrigated land or 25 acres of dry land. One-tenth of the area of the settlement is reserved for public purposes—roads, parks, buildings. The number of families in each settlement varies from 50 to 100. Every family gets its own house; and all houses are of one pattern. Each can have its own milch and work cattle and poultry but the policy of maintaining a particular breed is dictated by the general assembly of the settlement, which also decides the cropping scheme, especially on the dry land, so as to facilitate the use of machinery. Mixed farming is the rule in all these small holders' settlements. Bulk of the cereal crops is consumed by the family. Bulk of the cash income is derived from milch animals, poultry, fruits and vegetables. Every member must sell his produce only through the co-operative. Every settler has to pay for the common expenses of the settlement—the rent of land, water and irrigation arrangements, watch and ward, education, library and cultural organisations. Members of these settlements work harder and longer hours—12 to 14 hours—reap a richer harvest from land and debts are cleared quicker than in collective settlements.

III. *Kotza* or *Kibutz* is the name of the Collective Settlement. Its object is not only for members to carry on cultivation in common without any individual proprietorship over land, animals or produce, but for them to live in common like one joint family as it were. All land is nationally owned. All adults are expected to work, each according to his or her capacity. Each is to get what he or she needs, only limited by the financial resources of the settlement and without prejudice to the equal rights of all members. No member is expected to have any money of his or her own; nor is there any need for it.

Provision is made for the maintenance of elderly relatives of members and for the maintenance, education and training of children of the working members in separate children's homes under the charge of experts. They are not a burden to parents, who can meet them at leisure. Each married couple is given a room; others stay two or more in a room, males and females separately. The adults have a common kitchen and dining room—in which generally assembly and other general meetings are held. Dress, toilet and other personal requirements can be had from the common store—up to a limit. Food is plentiful; wine is not served, but fresh fruit juice can be had in the season and is very popular. The size of a collective settlement is generally small—about 700 acres of cultivated land for a population varying from 200 to 300 souls. The work of the farm settlement is done by members themselves, with hired labour if necessary at peak periods, but no non-Jewish labour can be engaged. Surplus labour on the farm may go to a nearby Jewish farm but earnings must go to the common pool. The Farm Management Committee arranges the day-to day work. Each branch of work is in charge of a leader, who is an expert in the work. There is no atmosphere of doing work under orders. In case of dissatisfaction, appeal can be made to the farm management committee and even to the assembly of the settlement. Work is done for 8 to 10 hours per day, and for about 280 days in the year. Usually men are put on farm work and woman on kitchen, dining halls, children's homes, dairy and poultry runs. This rigour of common living, without the pleasure and privacy of family life, has been relaxed in Russia; and it appears that even in Palestine there are seceders from the collective settlement, especially among the ranks of those who had once belonged to the learned professions. They continued to pursue collective farming but wished to live separate family life and joined the small-holder's co-operative settlement

Financially, it has been claimed that the co-operative and collectivist settlements are paying concerns. The balance sheet of a large number of farms show net profits. But it must be remembered that plenty of money has been spent not only on the purchase of land and its reclamation and on loans at low rates of interest and subsidies and social services but also in assisting and settling immigrants and maintaining them, mostly by the Jewish National Agency. If all these sums were taken into account, we do not know what the net profits would be. Is it possible to find any such agency to foster co-operative settlement in India?

Conclusion.—The causes of the success of co-operative and collective farming by the Jews in Palestine are summed up as follows: The ideal of Zionism and the development of a sense of mission that they should settle down at any cost and make Palestine their home-land, the ideals of Socialism among the young Jews emigrating from Russia and Eastern Europe, the high proportion of educated and intelligent young Jews, the absence of any caste and of any class feeling among immigrant Jews. The ownership of the land by the Jewish National Agency and its readiness to help in every way the building up of the settlements is perhaps the most important factor. One significant fact is that almost all the settlements were created on land newly acquired and laid out and not on old farms.

Coming to India, the Delegation declare unequivocally that none of the above conditions is present in Indian rural society and it is not possible to create them under existing social and economic conditions. It is out of the question to ask the average Indian farmer to live or even work collectively and it is difficult to get together the right type of men sharing the same economic views and having the same social and religious habits to live as a community.

Reviewing very briefly the few attempts that have been made at co-operative farming in India, it is rightly held that the number of societies are far too small and scattered, they aim at co-operation only in one or two lines of farming activity. These, they say, can have little effect in serving as a demonstration unit. We find in fact that even on newly settled land, the erstwhile landless labourers are not prepared to undertake joint farming. So ingrained is the passion for individual cultivation; so lost is the tradition for any kind of joint farming except in a few odd places.

We do not know why under these circumstances the Delegation recommend that not only small and scattered holdings under cultivation should be pooled but that the old owners and workers should work on the pooled land as a co-operative enterprise and receive a share of the output according to one's contribution of land or labour or capital. We believe that consolidation of fragmented holdings can be attempted successfully more by compulsion than co-operation. In the case of wetlands, consolidation may be necessary in the interests of better farming. But is large-scale farming so necessary? Would it not be better to restore them in compact blocks of various sizes to suit different sizes of families of workers to whom they may be leased out, if they are not owners, at fair rents payable to the joint managing body, which will pay old owners of land a dividend in accordance with the value of the old land gone into the pool. This is not co-operative farming. Garden lands (under well irrigation) are generally neither fragmented nor too small for a family. These can be left alone to individual farmers. Joint farming, either some or all operations, may be tried on dry lands where there may be more scope for the use of machinery as on the small holders' co-operative settlements in Palestine.

It seems to us to be more important, before co-operative farming is seriously tried, to insist on and inculcate the habit on all producers and consumers in the village of buying and selling only through co-operative societies as has been done by the Jews in Palestine, whatever the type of farming pursued.

PROHIBITION IN THE MADRAS PRESIDENCY

By

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Prohibition is an experiment in social reform of far eaching importance. It is a human experiment the object of which is to promote the uplift of the masses. Any such programme has necessarily to include the eradication of the drink evil which is responsible for the unhappiness in many homes especially among the poorer classes. Thanks to the teachings of the various religions which have taken root in our country, drinking of intoxicants is generally regarded as a sin. It saps the physical energy of the drinker, clouds his senses, depraves his nature and reduces him to the level of a beast. The drunkard loses his power of discriminating good from bad, right from wrong, and, under the influence of drink, he readily commits theft, lustful acts and even murder. He has no respect for his neighbour and besides himself becoming a physical wreck, he sadly neglects his family and other immediate responsibilities. He gets involved in various disputes and finally finds himself often times before the court. His own wife and children are afraid of him; his own kith and kin have no regard for him; his neighbours detest him. It is to save the families of a large section of our people who suffer endless miseries on account of the drink evil that Mahatma Gandhi inaugurated a campaign for Prohibition. The Congress is wedded to this policy from its earliest days Of all provinces, the Madras Government have taken the lead in implementing the scheme of Prohibition as one of the foremost schemes for the amelioration of the people of this province.

Pandit Jawharlal Nehru has repeatedly said that the true wealth of a nation depends upon its manhood and womanhood even more than its material resources. Ours is one of the poorest countries in the world and the standard of living of the masses is miserably low. Many factors have contributed to reducing our splendid manhood to its present low state. It is universally recognised that the drink habit is widespread among the people and that those who drink spend such a large part of their wages on drink, that they have less than the absolute minimum necessary for a healthy physical existence. India has gained political independence. But if she is to take her rightful place in the family of nations by virtue of her population and the traditions which she has inherited not only from her past but also from Mahatma Gandhi, the Father of the Nation, we have to do everything that we can to raise the economic, social and moral level of the masses. This can be done not only by increasing their earning capacity—a matter which is also seriously engaging the attention of the State but also by eliminating all wasteful expenditure so that their

earnings are utilised to the best advantage to promote their well-being. It is considered that no single measure of reform can help the masses and raise their social and economic level to the same extent as total prohibition can.

The introduction of prohibition involves a loss of nearly Rs. 17 crores to the Madras Government. They are nevertheless prepared to forego the revenue for the reason that the introduction of this reform will save millions of our people from starvation, misery and debt and help them to lead a life of peace and prosperity in happy surroundings and they are convinced that this policy will ultimately enrich the wealth of our province. In October 1946, Prohibition was introduced in the eight districts of North Arcot, Salem, Coimbatore, Chittoor, Kurnool, Cuddapah, Bellary and Anantapur. It was extended to eight more districts on the 1st of October 1947, *viz.* Guntur, Nellore, Madura, Trichinopoly, Tanjore, The Nilgiris, Malabar, and South Kanara. Two-thirds of the Madras Province has thus become dry. The programme of the Madras Government is to complete the introduction of Prohibition all over the province by October, 1948. There was great jubilation and enthusiasm on the part of the people when prohibition was introduced in the first eight districts, and there was even greater enthusiasm when the Government extended it to 8 more districts on 1st October last. A number of public meetings, processions, parties, and other forms of rejoicing marked the celebrations on this occasion. There was goodwill and co-operation on the part of the people and if the enthusiasm which is displayed on the introduction of Prohibition is to be taken as an indication of the measure of support for this great social reform and is kept up by sustained effort on the part of the public, there is no doubt that it will be a complete success in our Province.

The enforcement of Prohibition involves the changing of the habits of large section of the people. For its success propaganda and ameliorative work among the ex-addicts are as important as detection and prevention of crime and the punishment of the offenders under the Prohibition law. With this object in view, Government have introduced various ameliorative measures in the districts, in which prohibition has been introduced. In a message to the Hon'ble Minister for Prohibition on the eve of the introduction of Prohibition to eight more districts in October, 1947, Mahatma Gandhi observed:—"It is good news you are making eight more districts dry. There can be no rest until the whole province is dry. Are you following up the law by doing instructive and educative work I pointed out the other day in the columns of *Harijan*? In the *Harijan* under the caption "Prohibition of Intoxicants," Mahatma had dealt with the methods which the Madras Government have adopted such as the opening refreshment stalls, organising games and counter attractions, etc. Government have sanctioned a special staff to carry out the various ameliorative activities in the prohibition districts. There are in each of the prohibition districts one Special Development Officer and Assistant Development Officers at the rate of one for each Revenue division, besides Rural Welfare officers and village guides at the rate of one for every taluk and ballad singers at the rate of one for each revenue division. The Special Development officers who are recruited from Deputy Registrars of Co-operative societies assist the Collectors in the ameliorative activities. The Deputy Commissioner of Prohibition (Amelioration) who is a Joint Registrar of Co-operative societies assists the Commissioner of Excise and Prohibition in this work.

The broad lines on which ameliorative work is carried on in the prohibition districts are indicated below First is the *provision of substitutes for drink*. To most drinkers the toddy shop or the arrack tavern is a place of resort in the evening and a means of escape from the tedium of life after a day's hard toil. On the closure of these shops, arrangements were made by Government to provide substitute drinks to the ex-addicts in or near the places where toddy shops existed. Refreshment stalls were set up in about half of the total number of toddy shops in the district and run for about 3 months to provide ex-addicts with drinks like, tea, coffee, butter-milk, panakam, as well as eatables. Government sanctioned the opening of 1,750 and 1,900 such stalls in the old and new prohibition districts respectively. A subsidy of Rs. 100 for each stall was sanctioned by the Government and this was supplemented by local donations. Private stalls are coming into being at several of these places where Government stalls functioned. In Madura district, the Indian Tea Market Expansion Board, supplied tea freely on the day of the inauguration of Prohibition i. e. 1-10-47 and mobile tea vans are running in the district supplying tea and snacks at fair rates. It has recently opened a "Tea Room" in Madura town. Mobile Tea Vans are now run by it in two other districts, namely, North Arcot and Malabar.

(ii) *Counter attractions to drink* :— The most effective counter-attractions to drink are rural sports and games, folk dances, Kathaprasangams, Kalakshepams, Harikathas and village dramas. Entertainments of various kinds have been organised to divert the minds of the ex-addicts. The most pupular games such as Chadugudu, Pillayar-pandu, Killithattu, tug of war, etc. and bhajanas, harikathas, street dramas, folk dance and dramas by professionals and amateurs are encouraged. For this purpose, Government have sanctioned one Rural Welfare Officer for each taluk and persons especially trained in rural games and rural uplift work in the Y.M.C.A. College of Physical Education are appointed in these posts. The Rural Welfare Officers assisted by village guides (one for each taluk) organise rural recreation clubs, teach various games to the villagers, arrange for tournaments and create popular interest in these activities. In about 9,275 villages in the Prohibition districts rural games and sports were organised. About 564 firka tournaments, taluk tournaments, 16 divisional and 6 district tournaments were held in the districts. The organisation of rural recreation not only provides relaxation to the former addicts but also prepares the ground for a greater rural uplift drive. The ballad singers appointed at the rate of one for every revenue division, provide entertainment to the people, teach community songs to the villagers, encourage the amateurs to take part in street dramas wherever facilities exist and generally organise counter-attractions to drink. These ballad singers are provided by Government with musical instruments at a cost not exceeding Rs. 100 for each singer ; those who organise community singing are given special rewards out of funds sanctioned by Government.

With a view to encourage local talent in the matter of providing entertainment to the villagers in the prohibition districts, Government have sanctioned subsidies for dramatic troupes in prohibition districts. Folk dances, street dramas, boys scouts' displays, Magic lantern slides shows, etc. are some of the other forms of entertainments provided as alternative attractions to drink. Government have also provided each district with a propaganda van equipped with a cinema outfit, and public address system. Slides on prohibition are prepared by the Photographer attached to the prohibition department for being shown with the help of the magic lanterns attached to the propaganda vans. The vans are provided with gramaphone records and films and they are useful both for propaganda and for providing effective counter attractions to drink. Government have sanctioned funds for recording songs relating to prohibition over gramaphone, in Tamil and Telugu languages, to be used in the propaganda vans in the Prohibition districts. The recording of Telugu songs has been completed and the records will soon be distributed to the districts.

Local Boards and private bodies in the Prohibition districts have been exhorted to instal radios under the Government of India Scheme. But as the number of radio sets available under the scheme is very limited, a proposal is under consideration according to which gramasanghams, local boards and other bodies are to collect and contribute the capital cost of the installation of community radio receivers, the maintenance charges of which for one year will be borne by Government. Cosequent upon the abolition of the Publicity Department, Government ordered that the radio sets which belonged to that department should be allotted to the Prohibition districts. Accordingly 17 main and 8 battery sets are proposed to be installed in the 8 old prohibition districts. The Radio Engineer is taking steps to instal them in these districts.

Cinemas constitute an important counter attraction to drink. Cinema houses have been increasing in the prohibition districts. Arrangements were made in one district for showing the film Rukmangada' in the villages. There is a proposal to supply 16 m.m. projectors and 16 m. m. films to each of the Prohibition districts and orders of Government are awaited. Indian Information films have been received for distribution to the Prohibition districts to be shown in the cinemas attached to the propaganda vans. Steps are being taken to get films from the British Information Service (16 m.m.) for exhibition in the Prohibition districts. As propaganda through films will be effective. Government have been requested to produce short films of 16 m.m. size for circulation in the prohibition districts and the matter is under their consideration.

(iii) *Promotion of thrift*:—Part of the money spent on drink will be available to the ex-addicts for expenditure on necessities of life, *viz*. food, clothing etc. They will still be left with a balance, which can be saved for a future contingency. Hence a thrift campaign through home-safes and hundi boxes has been launched through co-operative societies, in the Prohibition districts, under the direct supervision of the ameliorative staff. Villagers including the ex-addicts are encouraged to lay by their savings. Thrift days are celebrated by the co-operative societies selected for running the scheme. The societies supply hundi boxes to the people who are willing to save. The total amount of such savings effected up to the end of January 48, through hundi boxes in all the prohibition districts is Rs. 1.81 lakhs. Savings under the National Savings scheme are also encouraged by the ameliorative staff.

(iv) *Promotion of Gramasanghams*:—As the ultimate object of prohibition is to promote the well being of the poorer classes, full use is made of the occasion for organising rural uplift work. Village betterment committees and gramasanghams are formed in the villages to promote rural uplift activities. Village officers and prominent local men are associated with these committees. These gramasanghams organise rural recreation, and village uplift activities like sanitation, street cleaning and lighting, village communication, provision of drinking water, opening of reading rooms and libraries etc. The ameliorative staff organise and guide the gramasanghams in these activities. There are about 7,820 gramasanghams in the old prohibition districts and 2,485 gramasanghams in the new prohibition districts. In certain districts, firka and taluk associations have also been formed. About 209 firka associations in the old prohibition districts and 91 in the new prohibition districts have been organised. About 56 taluk associations in the old prohibition districts and 4 in the new prohibition districts have been organised. 3,854 of the gramasanghams in the old prohibition districts and 341 in the new prohibition districts are active. Having regard to the conditions obtaining in the villages and the period for which they have been in existence, there is no doubt that some of them are quite a success. They have done particularly good work in the Coimbatore district. Settlement of disputes amicably have been attended to by gramasanghams in Salem, Coimbatore, Kurnool and Chittoor districts. Radio receiving sets have been installed by the Panchayat boards, Co-operative societies etc. in the districts of Salem, Coimbatore, Kurnool, Chittoor, North Arcot, Bellary and Anantapur. The gramasangams in the districts of Salem Coimbatore, Chittoor, North Arcot and Bellary have undertaken to construct buildings for elementary schools to educate the villagers.

Arrangements have been made either to repair or to sink wells in the districts of Coimbatore, Chittoor, North Arcot, Kurnool, Bellary and Anantapur through the gramasanghams. Distribution of free medicine and first aid equipment has been arranged in the districts of Coimbatore, Chittoor and Bellary. Manure pits have been removed to the outskirts of the villages in the districts of Coimbatore, Kurnool, Chittoor, and North Arcot. In order to improve cattle wealth stud bulls have been maintained in the districts of Kurnool, Salem and Anantapur. In the new prohibition districts gramasanghams are being formed gradually. Street cleaning was undertaken by some sanghams in villages of Trichinopoly, Tanjore, Nilgiris and Madura districts. In Trichinopoly district, bhajana materials have been purchased by a few gramasanghams.

As these gramasanghams which constitute a community organisation for maintaining a general uplift drive in the villages, are, however informal bodies without any legal status or corporate existence, the question of persuading the village panchayats to take over all these activities, so that they may be carried on in a more organised and effective manner, is now under serious consideration.

(v) *Rural uplift schools*:—To train young men in the methods of promoting rural welfare and to acquaint them with the facilities afforded by the various Government departments for this purpose, rural uplift schools are conducted in select centres at the rate of one for each quarter in the prohibition districts. About 50 lads with a bias for rural uplift are trained for a month. Government have sanctioned, Rs. 1,000 for each school for this purpose and this includes stipends to the students at Rs. 12 each. At this school, instructions on rural uplift are imparted by the officers of the various Government departments. The best of the students are appointed as wholetime village-guides as part of the ameliorative staff. In the old Prohibition districts so far 36 such schools were conducted and 1,513 students underwent training. The rural uplift schools were first conducted in all the 8 new prohibition districts. More schools have been opened in the new Prohibition districts of Madura, South Kanara, Guntur and Nellore. 264 students have so far undergone training in these schools.

(vi) *Uplift of Women*:—Women especially belonging to the families of ex-addicts are the greatest beneficiaries of prohibition and they play an important role in the successful working of prohibition. The houses of most of the ex-addicts were unhappy as long as drink could be had freely and there was no peace in their homes It was, therefore, considered necessary to enlist the support of women to the cause of prohibition. Women organisations in the districts are contacted to carry on propaganda for successful enforcement of Prohibition and to educate the women folk of the ex-addicts in the villages and to train them in making their homes happy. Government have entrusted this work to the (Indian Womens Civic Corps) (now Department of Women's Welfare) which has branches in many districts in the province and have sanctioned a conveyance allowance of Rs. 15 per mensem for the branch leaders of the Indian Women's Civic Corps The branch leaders and the honorary workers of the Indian Women's Civic Corps tour in the propaganda vans along with the ameliorative staff. They visit villages and address the women-folk regarding the evils of drink, usefulness of cottage industries, etc. They also advise the women-folk to lead an economic life and save as much as possible. Magic lantern slides are shown in the villages by the Indian Women's Civic Corps. The appointment of lady organisers in the Prohibition districts for more effective propaganda among women is also under consideration.

Employment of Ex-tappers:—(i) *Jaggery manufacturing societies*:—One of the immediate effects of prohibition has been the unemployment of a large number of tappers. This, no doubt, is a temporary phase and in course of time, the tappers are bound to adjust themselves to the new conditions by taking to agriculture and other allied occupations. To avoid undue hardships to such of them who are unable to adjust themselves immediately by resorting to other avocations, it is aimed to provide employment of a nature which is congenial to their previous pursuits. This problem has, however, on the whole, not been serious except to some extent in Coimbatore and to a large extent in Malabar and South Kanara. Government have, therefore, permitted the tappers in these districts to tap palmyrah trees for sweet juice for the manufacture of jaggery. 238 palmyrah jaggery co-operative societies have so far been formed in the prohibition districts. Government have also permitted the tapping of cocoanut trees for sweet juice for the manufacture of jaggery and 30 societies have been formed in select centres in Malabar and South Kanara districts as an experimental measure. Similar permission has been accorded for the tapping of cocoanut trees for sweet juice for the manufacture of jaggery in Kunnathur area in Coimbatore district. In all about 27,885 ex-tappers have been enrolled as members of these societies. The quantity of jaggery produced so far in the above districts is about 2.68 lakhs of maunds worth about Rs. 9.95 lakhs. The jaggery produced is sold through the societies. In some districts, sale societies arrange for the marketing as in Salem and Madura. The jaggery is also sold in Public auction by the sale societies.

Besides jaggery making, steps have been taken to find employment to tappers in schemes of milk supply, land colonisation and cottage industries including coir industry on a co-operative basis. Government have provided the necessary staff for supervising the societies besides financial assistance in the shape of subsidy and loans.

(ii) *Milk supply societies*:—At Ambur in North Arcot district, 6 feeder milk supply societies with a milk supply union were formed and 336 persons in the feeder societies and 44 persons in the union were enrolled as members. The feeder societies have been sanctioned a Government subsidy of Rs. 100 each for a period of 6 months and free services of

a Senior Inspector of Co-operative Societies to supervise and guide their working and also of the union. The members of the societies are sanctioned interest-free Government loans for the purchase of milch animals. The value of milk produced and sold through the milk supply union amounted Rs. 12,819. Similar schemes are being worked out in other centres. In Tanjore, 4 milk supply societies have been organised chiefly to provide employment to the ex-tappers and at the same time to increase the supply of milk to the existing milk supply union at Tanjore. In Trichinopoly 4 feeder societies have been organised with about 80 ex-tappers and 100 ex-addicts as members to supply milk to the Trichy-Srirangam Co-operative Milk Supply Union. Government have been requested to grant assistance to these societies as in the case of the Ambur Milk Supply Union. In Bellary, one milk supply society has been formed. Arrangements are in progress for the formation of a Milk Supply Union at Madanapalle in Chittoor district and 2 Milk Unions in Anantapur district, one at Hindupur and the other at Anantapur. The possibilities of organising a Milk Supply Union at Cuddapah with 9 feeder societies are being examined. Members of jaggery societies are encouraged to take up dairying as a subsidiary occupation. In this way, 4 societies in Malabar district have been selected to function as feeder societies to the proposed Milk Supply Union at Palghat in that district.

(iii) *Society for Pile and Carpet Weavers*:—At Ayothiapatnam, in the Salem district, a society for the manufacture of pile carpet for the benefit of ex-tappers has been formed. Government have sanctioned a subsidy of Rs. 5,000 and a loan of Rs. 5,000 towards the purchase of machinery and implements and Rs. 1,125 towards stipend to the 15 trainees besides the free services of a senior Inspector of Co-operative Societies for a period of one year. 15 candidates are undergoing training. The shed for the factory has been completed and looms for carpet weaving have been set up. The society has commenced production.

(*iv*) *Coir Societies*:—Proposals for the formation of co-operative societies for coir manufacture to provide employment to the ex-tappers at Yengandiyur, Vadanapalle and Marudiyur in Ponnani taluk of Malabar district have been drawn up and Government have been requested to sanction a subsidy of Rs. 6,000 to each of the societies proposed to be started in the above villages towards the cost of training the tappers in the industry and purchase of tools therefor. A proposal for the formation of a society for palmyrah fibre industry in Gooty area in Anantapur district is being formulated.

(*v*) *Land Colonsisation Societies*:—Proposals for settling the ex-tappers on land are under consideration. Formation of land colonisation societies at Avarampatti and Ponnapur in Tanjore district and at Belthangadi in South Kanara district are being examined. In North Arcot district, there is a proposal to form a land colonisation society at Cengam; in Anantapur, a society at Doddaghatta is proposed to be formed for the purpose. Besides these, a proposal for co-operative collective farming in Koilpattu and Chitrakudi villages in Tanjore district is also under consideration. Recently, the Government have made available the remaining lands in the four land colonisation societies working in Salem district to the ex-tappers. The Collector has been requested to see that the tappers settle on the available lands after necessary anti-malarial operations have been carried out by the Health Department. A land colonisation society has also been organised in Wyanad in Malabar district and some colonists will be drawn from ex-tappers.

(*vi*) *Khadi Spinning and Weaving Societies* :—A scheme for the organisation of Khadi Spining and Weaving Societies for ex-tappers in the old prohibition districts has been drawn up by the Registrar of Co-operative Societies and is under the consideration of Government. A subsidy of Rs. 15,000 to the societies to be formed in each of the districts has been proposed under the scheme.

(*vii*) *Cattle Breeding Societies* :—As part of development work, cattle breeding societies in suitable localities in the districts are being organised. For their successful working, Government help by way of staff and subsidy towards the cost of stud-bulls will be necessary. In Cuddapah it is proposed to expand the activities of the cattle breeding society at Saraswattipalle in Royachotti taluk by starting 3 cattle breeding centres within the area of operation of the society. In North Arcot a society at Odugathur village in Vellore taluk has been proposed. In Anantapur district, the Lepakshi Multipurpose Co-operative Society proposes to undertake this activity. A society at Kurli village in Kadiri taluk in Anantapur district has been organised. In South Kanara, it is proposed to form a society at Madika. One milk supply society at Manapparai in Trichy district has been organised which will latter take up cattle breeding also.

A most important object of the ameliorative work is the betterment of the economic condition of the ex-addicts. This is aimed at in two ways, first by promoting thrift and secondly by encouraging people to undertake schemes to improve their resources. For the latter purposes, co-operative societies are being organised wherever possible for the pursuit of the cottage industries for subsidiary occupation. They are also encouraged to join the societies formed for ex-tappers. At Rajampet in Cuddapah district, a co-operative society for leather works was formed. Government have sanctioned a subsidy of Rs. 600 towards the cost of tools and implements and Rs. 200 towards rent and contingencies. A society at Bojjayapalli in the same district for the benefit of cart-makers has been formed. Government have sanctioned the free services of a Senior Inspector of Co-operative Societies for a period of one year besides a loan of Rs. 2,100 towards its working capital. A co-operative society for mat-weaving at Bellary and another for Bamboo basket making at Vellore in North Arcot district have been organised. Societies have been formed for the chucklers and potters

at Potlathurthi village in Cuddapah district. A society for brick makers at Nabicot in Cuddapah district and a society for mat-weavers at Mandaram in Rajampet taluk of the same district have been formed recently.

Constructions of Godowns-Cum-Village Halls in Villages :—In order to enable the agriculturists to get a better return for their produce, the possibilities of putting up godowns by co-operative credit and sale societies with their surplus funds supplemented wherever necessary by long term loans from Government were considered. The resources of village societies would not however permit Government loans being taken by them and they may not be able to repay the loans with certainty. Subsidy from Government has been considered essential if the societies are to make any headway at all in the matter of construction of godowns. At the conference of the Special Development Officers held in December 1947 at Madras, it was considered that Government should be addressed to subsidize co-operative societies to the extent of 50 per cent of the cost of the building. Government are being approached to make provision for a sum of Rs. 1.25 lakhs to start with as subsidy to 50 societies for the construction of godowns. It is proposed that the subsidy should be equal to 25 per cent of the cost of the building or Rs. 2,500 whichever is less. These godowns will not only benefit the members who can store their agricultural produce and hold it over for a favourable market, but will also serve as a centre of social and recrational activities in the villages. They will be godown-cum-village halls with provision for a reading room, playground, park and radio etc. When the societies put-up these buildings, rural welfare work can be expected to take permanent shape in these villages as these buildings will function as community ceetres in the villages.

The general result of the introduction of Prohibition is a considerable improvement in the social and economic condition of the people belonging to poor and middle classes. The desire for drink among the ex-addicts is slowly waning and they are reconciling themselves to the changed conditions. Domestic quarrels and street brawals have almost disappeared. The ex-addicts and their families are reported to be well-fed, well-clothed and cheerful besides being able to save a portion of their earnings. Prohibition is generally welcomed by the people. Government recently appointed a committee with Sri K. A. Nachiappa Gownder, M.L.A., as chairman, to examine the working of Prohibition and to make recommendations for the proper enforcement of the Prohibition law and on matters connected with this reform. They have just submitted their report to the Government.

The scope of ameliorative work is vast and varied and it is necessary to co-ordinate the activities of the several departments engaged in rural uplift work. One cannot also expect to get quick results. The introduction of Prohibition has given a splendid opportunity to make a start in the right direction in schemes of rural uplift. The programme of Prohibition is not intended to be a negative programme of mere enforcement of

Prohibition laws. Side by side with it, there is a positive programme for all-round village uplift. The ameliorative measures represent the constructive side of the programme. This work which involves bringing about a general change in the rural conditions is of a stupendous nature and calls for patient and sustained effort on the part of all concerned. While the record of work done so far is by no means discouraging, much more remains to be done. And substantial results cannot be obtained without the public co-operation however much the officers engaged in the work may be zealous in the discharge of their duties. The success of the ameliorative measures will depend on the measure of co-operation from the public even more than any financial assistance from Government. It is the fundamental duty of every citizen to co-operate with the Government in matters of great reform. Such public co-operation is essential especially in respect of prohibition for without it in abundant measure it cannot be a success anywhere. The working of this reform in Madras will be watched with interest not only by the rest of the provinces but also by the whole world.

ALL-INDIA CO-OPERATIVE DAY

November 5, 1947

MESSAGE BY DIWAN BAHADUR HIRALAL L. KAJI,

President, All-India Co-operative Associations, Bombay.

I offer you, brother and sister Co-operators, my fraternal greetings on this All-India Co-operative Day, when believers in Co-operation gather together to renew their pledge of service and re-affirm their faith in Co-operation.

Let Government, Central and Provincial realise that neither cold Capitalism nor red Socialism can be the just ordering of society and that the basis of all economic planning must be warm and white Co-operation which emphasizes just distribution no less than co-ordinated production and sale! Let leaders of co-operative thought realise how on them devolves the responsible duty of wise direction and wise formulation of policies! Let Registrars and their staff realise how responsible their position is and what immensely beneficient is their opportunity for national service of the highest order! Let office-bearers and members of the co-operatives, big and small, realise that on their efficiency and uprightness depends the destiny of rural India! Let all of us realise the deep truth that underlies the motto ***No Salvation without Co-operation.***

The year 1947 marks a turning point of the first magnitude in our history. It seems India on the threshold of Freedom, buoyant and clamant to achieve the greatness that is her due and to secure her rightful place in the councils of the World! It seems India pulsating with new blood, new energy, and a new zeal, planning to push on vigorously on all sides! It seems India accepting the co-operative method for the economic emancipation of the small man in towns and villages! It seems co-operation on the eve of a great revolution, when the State and the people will effectively work together for success which has remained elusive so long!

India looks to you, to work with greater zeal, greater devotion and great assiduity so as to rescue the countryside from the benumbing burden of indebtedness aud to transform it into a land of peace and plenty, progress and prosperity. And India does not look to you in vain!

Resolution adopted at the Meetings of Co-operators on the occasion.

"On this All-India Co-operative Day, this meeting of Co-operators reaffirms its faith in Co-operation as the only true and just economic basis of society. Co-ordinated production and equitable distribution under the aegis of co-operation alone can offer the pleasing prospect of a rise in the general mass level of the world. Co-operation recognises no barrier of caste, creed or colour and this meeting prays for the rapid blossoming of the spirit of co-operation to animate all human activity and to lead to true internationalism and universal brotherhood."

EXTRACT

CO-OPERATIVE FARMING IN BOMBAY

Co-operative farming, which is everywhere talked of as a panacea for most of our rural problems and which is expected to replace the *zamindari* system of tenure on its abolition, is to be given a Province-wide trial in Bombay. Accepting many of the important recommendations of Capt. S. P. Mohite's Report on Co-operative Farming in Bombay Province, the Bombay Government has announced its policy in this regard of encouraging co-operative farming experiments in all the districts. Accordingly, provision of finance, technical advice and assistance to joint and tenant farming societies, encouragement to subsidiary industries, improvement of land, modern methods of cultivation, absorption of ex-service men in co-operative farming have all been announced by the Government.

Capt. Mohite distinguishes four main types on an organisational basis in co-operative farming, *viz.*, better farming, joint farming, tenant farming and collective farming societies. Discussing for a moment, the Palestinian and Soviet system of co-operative farming, he dismisses them as unsuitable under the existing Indian conditions, and suggests one which combines the features of large-scale farming with private ownership. Allowing for variations in local conditions, he has advocated better farming for all kinds of *jirayat* and *bogayat* lands under *ryotwari* or non-*ryotwari* tenure. Joint-farming is prescribed for all occupied lands and lands held by permanent tenants as well as protected tenants. Tenant farming and collective farming are suggested for lands leased or granted to a society formed for purposes of cultivating such land.

Under the plan, approved by the Government, the various districts in the Province will be surveyed by the Agricultural, Co-operative and Public Works Departments, according to their natural resources, irrigation and water facilities, and general economic conditions. Plans for their development will then be considered by the District Rural Development Board and, finally, by the Government. With their finalisation and settlement, the Agricultural Department will give the necessary technical advice to the co-operative farming societies formed to execute cropping plans, land improvement, and extension of joint irrigation and similar other schemes. Further, the Government has promised to let these societies have the services of their technical assistants on condition that they agree to bear half the cost of such establishment in the third year and on wards and fully from the sixth year and thereafter.

Among the other forms of assistance which the Government has agreed to provide is the grant of free audit and advice by the Co-operative and Public Works Departments, respectively. The recommendations regarding the establishment of subsidiary village industries for each co-operative society, absorption of ex-servicemen in schemes of co-operative farming, utilisation of the Services, Post-War Reconstruction Fund and the Cusrow Wadia and Sir Sasson David Trust Funds for development of co-operative farming have been accepted by the Govenment. It is felt that, with the enforcement of the Consolidation and Prevention of Fragmention of Holdings Act and the introduction of co-operative farming schemes, the pace of consolidation of fragments would be greatly accelerated.

With a view to suiting the altered circumstances the Provincial Government is contemplating the amendment of the existing Bombay Co-operative Societies Act which applies at present only to crop production societies, to include better farming as well. Better farming is stated to include development of land, better methods of cultivation by means of improved seed, irrigation, bunding, tractor ploughing, sail conservation, prevention of erosion, etc. In the proposed legislation, it is intended to provide that, where 66 per cent of the landholders in a compact area owning not less than 75 per cent of land agree to join in a better farming scheme, the landlords owning the remainder of the land in that area will also be covered by that scheme.

—*New India.*

CO-OPERATIVE SOCIETIES AT WORK IN INDIA

THE CO-OPERATIVE MOVEMENT IN THE UNITED PROVINCES

A Critical Account.

TYPE OF SOCIETIES		1939-40	1944-45
Provincial Co-operative Bank	...	...	1
District and Central Banks	...	70	66
Land Mortgage Banks	...	5	6
Rural credit societies	...	7,702	10,000
Consolidation societies	...	182	291
Irrigation societies	...	143	143
Cattle Breeding societies	...	15	22
Seed stores	...	46	...
Implement stores	...	14	...
Cane societies	...	839	1,035
Cane unions	...	66	94
Ghee societies	...	607	870
Ghee unions	...	6	12
Cereals marketing unions	...	75	183
Milk societies	...	22	45
Fruits and vegetables societies	...	9	6
Egg and poultry societies	...	...	21
Cotton production and sale society	...	1	1
Better living societies	...	5,474	4,500
Salary earners' societies	...	203	400
Consumers' societies	...	24	159
Textile stores	...	8	12
Textile societies	...	49	107
Other industrial societies	...	(Gur) 11	24
Housing societies	...	21	31
Transport society	...	1	1
Medical store	...	...	1
Women's societies	...	70	107

An increase in the number of the societies should not be taken to mean progress. Consolidation societies form one such group. Cane societies are another example. Although the average membership per society increased from 551 in 1939-40 to 744 in 1944-45 and the total number of villages covered by the societies went up from 13,800 to 19,183, the percentage of cane crushed by the factories which was supplied by the co-operative societies decreased from about 80 to about 74.

Even in regard to ghee societies, the average membership increased from about 21 to 23, but the total quantity of ghee handled decreased from 5,383 maunds to 4,899 maunds and the profits from Rs. 50,000 to Rs. 5,000. While a bonus of Rs. 8,500 was declared in 1939-40, no bonus was distributed in 1944-45.

The milk societies have been mostly affiliated to the Lucknow and the Allahabad Unions. Statistics available about the Lucknow Milk Union reveal a loss of Rs. 5,040 in 1939-40 a profit of Rs. 6,770 in 1941-42, a loss ot Rs. 6,500 and Rs. 2,835 during 1943-44 and 1944-45 respectively. With the price of milk increasing continuously it does make one wonder why the profits have got converted into losses.

The marketing of cereals too progressed due to the war. The total quantity handled increased from 3 lakh maunds in 1939-40 to 5.6 lakh maunds in 1944-45. The quantity has not increased with the same rapidity as the number of marketing unions. The percentage increases in the two are respectively about 87 and 144. The profits have continuously increased since 1941-42 and it is at a greater rate than the increase in the value of the cereals handled. The percentage profit on the value of the quantity handled was about 6.2 in 1941-42 and about 9 in 1943-44.

Textile societies mark another group where some progress has been made. The progress no doubt has been with respect to the war requirements and unless steps are speedily taken to bring about the production of improved supplies for the public, the progress made would be lost. It is for the Provincial Industrial Federation to rise to the occasion and prove its worth.

As regards the consumers' societies, the only progress is that their number has increased to 159. It is however gratifying to note that in January last U. P. Government gave the district magistrates the discretion that they may waive the condition of "must have been carrying on business in the commodity on a particular date" for granting the retail sale licence to co-operative societies. It means that sale licence may now be granted in respect of all commodities, whether rationed or not. So far as rationed commodities are concerned, the following conditions have been imposed:—

1. The shop must be given a special territory as ordinary shops are.

2. No person may be a member of co-operative society who is not resident in the territory and eligible for a ration card.

3. All cardholders in the territory shall be registered at the co-operative shop and shall be eligible for membership.

4. Rationed commodities shall be supplied to the members and non-members alike.

It may be noted that the second condition is likely to be disquieting if the area from which the members of a society are drawn does not coincide with the territory allotted to the society by the ration-authorities. It may be that some existing members of a co-operative society may not be living within the ration territory of the society. It may be hoped that the condition would not be interpreted rigidly; that the district magistrates would take their cue from the Food Commissioner's suggestion that an experiment may be made in the beginning with some shops being given to co-operative societies and would not use their discretion conservatively.

So far as the future of the Co-operative Movement is concerned there are certain good indicators. The popular government has taken up with greater zeal its pre-war programmes in revised forms. The multi-purpose societies, a co-operative plan based on them, specific schemes regarding co-operative education and co-operative dairying, the Panchayat Raj Bill and a Development Organisation to co-ordinate the work of the development departments—co-operative, agriculture, animal-husbandry, industries, and rural development—are the important indicators.

Similar to the 1939 scheme, it is again planned to convert the credit societies into multi-purpose societies. A lot of public education is considered to be essential for popularising co-operative farming. It is therefore proposed to adopt a line of lesser resistance. The plan is to organise a multi-purpose society in every village. There will be a union for every hundred societies and a Provincial Federation over the unions.

The primary society will provide controlled credit (and credit in kind), supply of improved seeds, fertilisers and implements and supply of consumer goods. In return, the members will pledge the sale of their surplus produce, and at least yarn also, through the society. It is hoped that publicity and propaganda plus the obvious advantages of such a society would attract all the families to the society. The staff of the Rural Development Department are already under instruction doing the necessary propaganda regarding the scheme and the Panchayat Raj Bill (explained later). But should this prove insufficient, necessary suitable legislation is proposed to be undertaken.

The society will also tackle the problem of cattle breeding, cattle welfare and dairy-farming. While the Agriculture Department will produce and supply pedigree seed, the Animal Husbandry Department will do the needful regarding the cattle. The society will be the channel through which they shall work. The society will also try to improve the means and channels of irrigation. It may take advantage of the government scheme to sink wells in the rural areas. Hand-spinning and where possible, weaving will also be organised by the society.

The government will provide a Deputy Registrar for every 1,000 societies, contribute ½ of the cost of construction of each godown (or Rs. 1,000, whichever be less) of the union. Each Union will have one inspector-secretary, one auditor, two munims and two tanlas. The expenditure on the first two employees shall be borne by the government entirely and that on the other four employees on a sliding scale. The Union, in turn will have to allocate all its profit to reserve for the first two years.

The scheme will be undertaken at first in the districts having central markets, for example, Dehradun, Gonda, Bahraicle, Basti, Gorakhpur, Saharanpur, Aligrarh, Moradabad (Chandausi) and the four districts of Bundelkhand. It is proposed to take up, say, three districts and fix the target at 3,000 societies in 1947.

Among the specific schemes, mention may be made of the scheme for the development of small scale and cottage industries. There is already in existence an apex institution (the Provincial Co-operative Industrial Federation) and if a start is correctly made, U. P. has tremendous potentialities. The Industries Department has already announced to give loans to individuals (preferably the demobilised army personnel) in the shape of tools and equipment. The Government will recover the principal plus interest at 3 per cent by ten or more equal annual instalments. Two sureties with joint and several responsibilities are required. It should be possible to organise the 'demobbed' and others on co-operative lines to benefit by this facility.

Another specific scheme is in regard to milk for the urban areas. We have already referred to the primary multi-purpose societies taking up the problem of cattle breeding, cattle welfare and dairying. Apart from it, it is planned in the short period to organise four hundred societies in big cities like Lucknow, Allahabad, Benares, Dehradun, Bareilly, Moradabad, Meerut, Agra, Cawnpore and Jhansi. A sub-committee presided over by the Registrar of Co-operative Societies considered the scheme of the Co-operative Department and it has been decided to take up the scheme in Lucknow, Allahabad and Benares to start with.

On the basis of the experience gained in the Lucknow Co-operative Milk Union it has been decided to tap the area between 10—25 miles from the cities for collecting the milk. It is found that a milk-society, which has as its members both producers and consumers suffers from a clash of interests. Hence it is proposed to organise milk-producers' societies in the rural areas and a central milk society of consumers in the urban area. That there should be such a central body in the urban area was also expressed in the Milk Report and The Milk Sub-Committee, of the Government of India which was presided over by Sir Datar Singh, too is not opposed to it.

Each Central Milk Society—called union—will have eight collecting depots and an equal number of sales depots. "Milk will be produced at the rural milk societies under hygienic conditions and these will send their milk to the nearest collecting depots which will be situated at important road crossings in the villages. From the collecting-depot milk will be transported by lorries to the union where it shall be pasturised before being sent to the sale depots for being distributed on cycles.

One would like to refer in this connection to the experiment carried on at the Walter-Gordon Laboratory in U.S.A. where the milkmen bring the cattle to a central station for milking purpose. The Central Station has arrangement for cattle-welfare and mechanical milking. But keeping in view the short period urgent requirements of milk in the urban areas the U. P. Scheme is good.

It is proposed to distribute improved milch cattle as well as cattle-feed—particularly oil-cakes at subsidised rates. Interest free loans are also proposed for members of the milk societies for the purchase of improved milch cattle.

The Provincial Government will bear the cost of staff on a sliding scale for two years. It will pay for the capital investment and also subsidise oil cake upto 20 per cent of price or ten annas per maund, whichever be less. An amount is also to be allocated for being used by the societies for the grant of loans mentioned above.

Incidentally it may be mentioned that the schemes to seggregate the unproductive cattle in an area of 8,000 acres in the Dehradun district and to use the method of artificial insemination would also help the milk scheme.

In order to train more inspectors, auditors and supervisors, three new centres have been started at Fyzabad, Gorakhpur and Tarikhat (Garhwal). Thus there are now four centres including the one at Partabgarh. The capacity of each centre is 100 students with the exception of Tarikhat whose capacity is about 50. It is proposed to start one more centre before the year ends.

To get suitable officers trained in special branches, the Provincial Government is already sending four to five candidates for overseas training in various co-operative subjects. The second batch, which is being selected by our provincial commission, includes candidates for agricultural co-operation, co-operative housing and consumers' co-operation.

But it is highly important to train the secretaries and panches for the primary societies. Some work was done between 1936-41 due to the financial subvention received from the Government of India in 1936. The provincial government now proposes to carry on the scheme on its own account. It is proposed to give each secretary a course of 10 days and to each Panch, a course of 8 days. In order to attract the panches and secretaries to the training classes travelling allowance and daily allowance are also proposed. The target for the year may be said to be about 9,000 trained panches and 3,000 Secretaries.

The legislature is putting on the statute book a Panchayat Raj Act which provides for the establishment in each village of a Gaon Sabha of all adults, at whose annual meeting they will elect a Panchayat on the joint electorate basis. In the case of each minorty, which forms a certain minimum percentage of the village population certain members of the minority will have to be elected by the village.

The functions of Panchayat are likely to be considered by some as being in conflict with those of the multi-purpose societies proposed under the co-operative plan. This is not likely to be beyond a certain overlapping which can be avoided through proper co-ordination. The functions of the Village Panchayat mainly include all those that are at present generally attributed to the district boards. They include medical, sanitation, public works, housing, administration of justice, protection of life and property, census, education, establishment and management of pasture, regulation of markets and fairs, and "assistance to the development of agriculture, commerce and industry." In other words the Panchayat is to take up the 'civic' side.

The other measure likely to confuse the distant man is the Development Organisation. A Development Commissioner has been appointed to co-ordinate the activities of the five departments already named. He shall have miniature 'Brain Trust' *i e.*, a committee of the Heads of the five departments to assist him. A similar but smaller committee will be constituted for every revenue division consisting of the Deputy Director of Agriculture, Deputy Director of Animal Husbandry, the Assistant Registrar of Co-operatives, the Division Superintendent of Rural Development and the Industries Department man for the area. A similar five party committee of the field staff will be formed in every district. The function of these bodies at every stage will be to eliminate overlapping and duplication and to co-ordinate the plans of the various departments.

MAHESH CHAND.

THE CO-OPERATIVE MOVEMENT IN BOMBAY (1945-46).

A Brief Review.

The year under report witnessed expansion of the movement in various spheres of co-operative activities on a considerable scale. This was largely due to the steps taken to implement the various post-war schemes formulated by the Department. The most important scheme which engaged the attention of the Department during the year was the one relating to the extension of the Bombay Agricutural Debtors' Relief Act. Another important field of development relating to the reorganisation of the functions of District Industrial Associations and organisation of *Induscos* to act as feeders to the industrial associations. Amongst the non-agricultural societies there has been a substantial increase in the number of urban credit societies, including salary earners societies as well as in the consumers' sotieties.

Resource Movement.—The need for providing crop finance to the debtors in the areas where the Bombay Agricultural Debtors' Relief Act has been brought into force has stimulated the demand for registration of rural credit societies. This, coupled with restoration of confidence amongst the agriculturists in the value of the co-operative movement accounts for the increase in the registration of fresh agricultural thrift and credit and multipurpose societies. The number of thrift and credit and multipurpose societies in the province rose to 4,796 during the year resulting in a net increase of 450 societies over the previous year's figure.

With the registration of 7 societies during the year, the number of canal societies in the Deccan Canals stood at 79. The year under report witnessed a distinct improvement in their working and records a satisfactory rise over the previous year's figures in respect of membership, share-capital, reserve fund and working capital. The number of multipurpose societies rose from 184 to 264 during the year.

Supervision.—There was no increase in the number of District Boards of Supervising Unions which continued to remain at 14 as in the previous year. With a view to make the supervision machinery more efficient and to save the co-operative societies from payment of supervision fees, Government passed orders during the year to the effect that the supervision staff consisting of senior supervisors, supervisors and assistant supervisiors should be treated as a temporary addition to the corresponding sub-ordinate cadre of the co-operative department, and its cost should be met by Government.

Long-term Finance and Land Mortgage Banks.—The Bambay Provincial Co-opera-tive Land Mortgage Bank had another successful year of work. The number of primary land mortgage banks decreased from 16 to 15 as a result of the merger of the Surat District Co-operative Land Mortgage Bank with the Surat District Central Co-operative Bank.

During the year, Government was pleased to permit the Land Valuation Officers attached to the Debt Adjusment Boards to do the work of evaluating the properties of borrowers of Land Mortgage Banks in areas not covered by the Bombay Agricultural Debtors' Relief Act on payment of a scale of fees prescribed for such work and this concession has, to some extent, helped some land mortgage banks, in effecting economy in the cost of management. Section 55 of the Bombay Agricultural Debtors' Relief Act, 1939, was further amended during the year so as to provide for compulsory payment of adjusted debts in cases where the value of immoveable property of debtors is not less than twice the amount of adjusted debts, to the creditors by the land mortgage banks which would in turn recover the same in instalments not exceeding 12 from the debtors.

The pace of expansion of the agricultural non-credit movement during the year under report continues to be satisfactory. The number of these societies embracing a varied range of activities recorded an increase from 524 to 561.

With a view to facilitate the development of marketing organisations, some of the purchase and sale unions have been provided with departmental hands as managers, either free of cost or on certain concessions. Although continuance of the Government procurement scheme and controls over prices and movement of agricultural commodities created special difficulties in the work of marketing organisations, the policy of Government in utilising them for distribution of consumers' goods and food-grains has, on the whole, made up for these handicaps.

Impediments in the normal trading operations due to Government monopoly of purchase of food-grains and restrictions over prices and movement of agricultural commodities continue to affect the working of the Bombay Provincial Co-operative Marketing Society, Ltd. Nevertheless the Society made efforts to establish contacts with the marketing societies in the province, and did substantial business.

With the registration of one Taluka Development Association at Mangaon in Kolaba District, the number of Taluka Development Associations rose from 117 to 118 as on 30th June, 1946. Dissemination of agricultural knowledge through propaganda and demonstrations, introduction of improved agricultural equipment and other agricultural requisites like seeds and manures, improvement of livestock, ventilation of the grievance of agriculturists by acting as liaison organisations between them and the agricultural and other departments, introduction of preventive and curative measures against plant disease and crop pests etc., form the main activities of Taluka Development Associations.

With the registration of 7 better farming societies, during the year, the total number of these societies stood at 66 as at 30th June, 1946.

With the registration of two more societies (*viz.*, the Balkalli Co-operative Joint Farming Society in North Kanara and the Pimpalwad Nikumbh Co-operative Joint Farming Society in East Khandesh) the total number of joint farming societies increased from 6 as on 30th June 1945 to 8 as on 30th June 1946. The main activity of these societies was however, confined to obtaining lands on lease from landlords and sub-leasing them to members for cultivation under the direction and guidance of the societies.

During the year, a scheme for the organisation of a net work of co-operative better farming societies was formulated and submitted to Government for approval. The object of the scheme is to improve the general level of agriculture in the concentrated areas, (especially in villages which sent a large number of recruits) by setting up suitable agencies, which can supply agricultural implements and improved seeds and manures, etc., and also guide the members in improving the standard of the cultivation of the agricultural lands owned by them,

Provincial and Central Banks.—The Bombay Provincial Co-operative Bank continued to maintain its high traditions of efficient management. The total resources of the Bank showed a further rise of Rs. 154.22 lakhs during the year ; the working capital recorded an increase of Rs. 1.56 crores over that of the previous year.

The number of District Central Banks continued at 11. The paid-up share capital, reserve and other funds of the banks increased substantially during the year under report.

Consequent on the extension of the Bombay Agricultural Debtors' Relief Act to a larger part of the province, the banks took up the work of advancing crop finance loans to nominal members as well as to the members of the affiliated societies, (through the societies concerned) who were parties to proceedings under the Act, at reduced rates of interest.

Non-Agricultural Credit Societies.—The year under review recorded a further increase in the number of non-agricultural co-operative credit societies of all types from 851 as on 30th June, 1945 to 885 as on 30th June, 1946. There was an increase in the number of full fledged urban banks, having a share capital of Rs. 20,000 and doing banking business. Their number increased from 87 to 96 during the year under report. There was a further increase, from 473 to 483, in the number of salary earners' societies which as a class are working smoothly.

Co-operative Insurance.—During the year ended 31st December, 1945, the membership of the Bombay Co-operative Insurance Society increased from 16,207 to 16,889. The total business in force also recorded an increase from Rs. 1,90,82,390 to Rs. 2,25,675 ; while the life assurance fund also increased from Rs. 29,57,466 to Rs. 37,13,689.

Consumers' Movement.—The year under report witnessed a further rise in the number of co-operative stores from 456 to 465. There is also an all round increase in membership, working capital and in the volume of total purchases and sales. The work done by the co-operative consumers' stores does not give a full indication of the vital part that the co-operative movement is playing in the supply of consumers' requirements and distribution of food-grains and other rationed articles as a number of co-operative credit institutions both in urban and rural areas are conducting fair-price shops for the benefit of members and non-members. According to the figures furnished by the Civil Supplies Department, out of 8,766 rural distribution centres functioning in this Province as on 30th June, 1946 as many as 1,195 centres were managed by co-operative societies.

Producers' Movement.—With the re-organization of the work relating to industrial co-operatives and its being placed under a separate Joint Registrar it has been possible to pay increased attention to this form of co-operative activity. As a result, the number of producers' societies increased from 44 to 69, exclusive of the weavers' societies and industrial associations. The number of the district industrial associations increased to 10, as one more district industrial association for the Satara district was registered at Karad during the year. These associations have transacted large business and earned handsome profits. This was partly due to the fact that the demand for handloom products continued to be keen and partly to the absolute monopoly which some of the associations enjoyed in the matter of distribution of yarn for the whole area of their operation. The number of weavers' societies increased from 95 to 130.

Bombay Provincial Co-operative Institute.—The Bombay Provincial Co-operative Institute continued to show an alround development in its various activities under the able guidance of its Chairman Sir Janardhan A. Madan. During the year under review, the Institute conducted two regional schools, one in Bombay and another in Poona. The Institute carried on its educational work in the districts by appointment of 9 Educational Supervisors and 2 part-time Supervisors. During the year under report Government appointed a committee on Co-operative Education and Training to examine the existing arrangements for co-operative education and for the training of the staff of the co-operative department and of various types of co-operative institutions and to recommend to Government on what lines and through which agency these should be developed to meet the growing needs of the co-operative movement. The Committee of which Sir Janardan A. Madan was the Chairman and Messrs. R. G. Saraiya and D. G. Karve, members with the Registrar of Co-operative Societies as member Secretary, made many important recommendations, which are likely to radically alter the quality and the volume of the educational work carried out by the Institute.

THE CO-OPERATIVE MOVEMENT IN THE CENTRAL PROVINCES AND BERAR

A Brief Survey for the Year 1945-46.

The co-operative movement in this province has had its ups and downs in the past. The most striking feature of the movement for the last three years has been the development of its non-credit side which was before this period in the back-ground. The brief survey of the movement that follows will show that the year under review has been even more eventful than the two preceding ones.

Primary Societies.—The primary credit societies still dominate the picture but unlimited liability is no longer considered essential for them and is being gradually replaced by limited liability.

The total number of primary credit societies increased from 5,346 to 5,596, out of which 746 are limited liability societies called crop loan societies. These societies are similar to primary credit societies with this difference, that they supply credit for raising crops only.

Cash recoveries of loans due by all primary credit societies, both working and in liquidation rose from Rs. 31.58 lakhs to Rs. 58.51 lakhs. The percentage of recoveries to the demand has considerably increased. Cash advances by Central Banks to these societies also recorded an increase from Rs. 35.29 lakhs to Rs. 56.74 lakhs. The amount of loans outstanding against members of all primary credit societies shows a slight increase from Rs. 68.39 lakhs to Rs. 70.59 lakhs. Taking overdues and renewals together, the arrears decreased trom Rs. 30.41 lakhs to Rs. 21.46 lakhs. The percentage of overdues to the loan outstanding is 34 in C. P. and 40 in Berar. The membership of primary credit societies in C. P. declined from 53,343 to 52,031, while in Berar it increased from 14,604, to 19,979. The number of societies under liquidation fell from 793 to 455, with outstanding loan of Rs. 15.67 lakhs.

Central Banks.—There was an allround increase in the working capital, share capital, reserve fund, loan outstanding against societies and deposits from individuals and decrease in the bad assets. Eight banks still continue under rehabilitation under Section 42-B. Section 42-C. inserted in 1945 aims at further development in the process of placing co-operative Central Banks under section 42-B upon their feet by permitting them to resume normal business of fulfilment of certain conditions. Out of 35 Central Banks 17 declared dividend.

Land Mortgage Banks.—Advances to their borrowers and recoveries from them record an increase over the corresponding figures for the previous year. The balance of loan outstanding was about Rs. 13 lakhs against Rs. 12 lakhs of the preceding year. Out of 21 land mortgage banks, 7 have been so far amalgamated with the local central banks and one central bank took over land mortgage banking business. Thus there are 22 banks in the province doing this business. The C. P. and Berar Provincial Co-operative Bank continues functioning as Central Land Mortgage Bank. Overdues show a decline from Rs. 43,716 to Rs. 19,469.

The Provincial Bank.—The outstandings against central banks, independent societies and societies both credit and non-credit stood at Rs. 23.93 lakhs as against Rs. 20.37 lakhs of the previous year. Cash advances rose to Rs. 30.09 lakhs as against Rs. 14.01 lakhs of the previous year and recoveries amounted to Rs. 26.90 lakhs as against Rs. 4.84 lakhs of the last year. The overdue loan decreased from Rs. 83.68 lakhs to Rs. 71.94 lakhs.

Loans to individuals rose from Rs. 52.39 lakhs to Rs. 61.23 lakhs. The major portion of these loans are advances granted against agricultural produce and industrial products. This business is done both by the Bank's pay offices and also the Head Office. The Income derived from pay offices was Rs. 1.53 lakhs, as against Rs. 2.38 lakhs of the last year.

The Bank has 18 pay offices including one branch and three sub-offices. As the co-operative institutions could not absorb more finance, the Bank has had to invest its surplus funds in urban banking business but it is hoped that the non-credit societies with their ever-widening sphere of activities will soon absorb the surplus funds of the bank.

Non-Credit Societies.—The year under review has witnessed further expansion of the non-credit movement. The total number of non-credit societies rose from 549 to 682. Of these the most important are :—

(1) Agricultural and Growers' Associations
(2) Consumers' Stores
(3) Multipurpose Societies
(4) Dairies
(5) Industrial Associations
(6) Housing Societies.

(1) **Agricultural and Growers' Associations.**—Total Number 87: membership: 15,089 sales Rs. 1.35 crores: profits Rs. 1.26 lakhs.

Out of the nine post-war schemes put into operation, four relate to the development of agricultural and growers' associations—one each in the cotton and oil seed tracts in Berar and one each in the rice tract and in the aboriginal area of the Mandla District in the Central Province. The association at Amraoti is intending to purchase cotton gins for processing of cotton. The Malkapur Associations are trying to establish oil industry. The Balaghat Association has already established a rice mill and the Mandla Association has taken up the collection of *Harra* during the current season.

(2) **Consumers' Stores** which were the spear-head of the drive for non-credit societies still continue to be in great demand. Their number which stood at 277 at the close of the year now exceeds 340. Of those, 40 stores are working at Nagpur. The membership of these societies exceeds 26,369; their sales amount to Rs. 41 lakhs and their profits to Rs. 48,799.

(3) **Multipurpose Societies.**—Total No. 104: Membership, 10,445; Sales Rs. 7.81 lakhs; Profits Rs. 25,454. These societies are making good progress. They deal in controlled articles and supply the needs of the agriculturists as well as the general public. Some of them are also acting as agents for Government in procuring and distributing food-grains. The multipurpose society for fishermen at Ramtek deserves special mention. There is a big Government irrigation Tank at Ramtek. With the help of the department, the society has secured the lease of fishing rights from 1-7-45. The society is organising the supply of fresh fish to the consumers of Nagpur.

(4) **Dairies.**—No. 11: Membership 278: Sales, Rs. 77,784: The Central Milk Producers' Union is supplying cattle feed and caters to its members and affiliated societies.

(5) **Industrial Associations.**—No. 35. Of these the most important are the C. P. and Berar Weavers' Co-operative Society, Nagpur, The Womens' Co-operative Home Industries, Nagpur and the Jhallar Ghee Producers' Union in the Betul District in C. P. Some brass metal workers societies have come into existence very recently. The number of primary weavers' co-operative societies affiliated to the C. P. and Berar Weavers' Co-operative Society, Nagpur, to-day stands at 161 with 26,995 members possessing 44,000 looms and 459 power looms. The Society handles yarn business of about Rs. 10 lakhs per month while its manufacturing section is yielding business of handloom cloth worth Rs. 32,000 per month. Post-war scheme for the development of handloom weaving industry has already begun operating. The Women's Co-operative Home Industries Society through which the scheme for the development of home industries among women is being carried out, has taken up work of organising classes for teaching various home industries to women.

(6) **Housing Societies.**—No. 14. Of which the most important is the Premier Housing Co-operative Society, Nagpur. Its membership was :872, loans advanced to members amounted to Rs. 345 lakhs, and profits to Rs. 12,317. It is expected that the Society will soon be functioning as a full fledged provincial housing society.

As has been already mentioned, nine post-war schemes were introduced under the Co-operative Department from 1st April 1946. The rural activities of the Co-operative Department are being developed and a separate section has been started for planning. The non-credit activities are sure to make much greater headway in the future.

D. A. PUNDLIK.

SURVEY OF THE CO-OPERATIVE MOVEMENT IN SIND

Attempts at the formation of Co-operative Sooieties started with the passing of the Co-operative Credit Societies Act of 1904. Little progress was, however, made till 1918, upto which date only 65 societies had been organized which had a membership of about 3,000 and a working capital of Rs. 1,63,000 only. The number of societies increased from 65 in 1918, to 481 in 1923. During the same period the membership and working capital increased from 3,000 and Rs. 16,300 to 19,000 and Rs. 38 lakhs respectively. At the end of March 1927, the corresponding figures were 8,63,39,247, and Rs. 137 lakhs. At the end of June 1945, the respective figures were 10,53,75,746 and Rs. 4,36,43,460.

The present structure of the credit movement in this Province consists of the primary agricultural co-operative credit societies unlimited, at the base to secure credit to the smaller khatedars and Haris; Zamindari Co-operative Banks and taluka agricultural co-operative banks on limited liability basis to assist the higher khatedars and zamindars paying land revenue assessment of Rs. 50 to Rs. 1,500 in case of taluka agricultural banks, and of Rs. 1,000 and over in the case of zamindari co-operative banks, and the Sind Provincial Co-operative Bank Ltd. at the top to finance the affiliated societies and banks. The other types of societies are as under :—

		No. of societies.
Agricultural Non-Credit	...	15
Non-Agricultural Credit	...	17
Non-Agricultural Non-Credit	...	99

The primary agricultural co-operative credit societies are financed directly by the Sind Provincial Co-operative Bank which is the apex Bank. Members' shares form the nucleus of all such societies and banks. The Taluka Banks and Zamindari Banks derive their funds from members' and non-members' deposits as well and in the event of need to meet their depositors' calls, they have an arrangement with the Sind Provincial Co-operative Bank Ltd. to help them in times of emergency.

Agricultural Co-operative Credit Societies Un-limited.

The sub-joined table shows the position of the primary agricultural co-operative credit societies un-limited as on 30-6-45.

No. of Societies	...	844
No. of Members	...	23,029
		Rs.
Share Capital	...	6,41,330
Members' Deposits	...	22,892
Non-Members' Deposits	...	21,070
Societies' Deposits	...	7,761
Bank Loan	...	21,23,422
Government Loan	...	16,453
Reserve Funds	...	6,92.707
Other Funds	...	92,766
Working Capital	...	36,17,910

The decrease all-round is due to the fact that defunct societies have been put into liquidation as a result of policy laid down by Government to rehabilitate the movement in Sind.

Fresh finance advanced to the members of agricultural societies during the period 1944-45, was Rs. 5,84,304 as against Rs. 3,20,429 only on 1943-44, giving a rise of Rs. 2,63,875.

Recoveries of primary agricultural societies have to be effected in instalments fixed by Valuation Committee in 1939, and or fixed by Enquiry Officers appointed by the Government in 1943, who finished their work by the end of February 1945.

The following table shows the position of recoveries during the last 3 years.

		1942—43	1943—44	1944—45
		Rs.	Rs.	Rs.
Amount due for recovery	...	14,43,018	16,40,635	28,10,934
Amount recovered	...	6,01,902	9,12,098	9,08,347
Percentage	...	41.7	55.6	32.3

The enquiry into the financial position of the agricultural co-operative credit societies in Sind was ordered by Government, in July 1943. The scheme underlying the enquiry entails the following adjustments :—

(*a*) Setting off of a portion of the paid up share capital of members with their overdue loans and other outstanding dues,

(*b*) Determination of bad debts.

(*c*) Reduction in the rate of future interest on old loans from 10.15/16 to 9 per cent.

(*d*) Extension of the period of repayment of loans by annual equated instalments fixed according to the repaying capacity of each member and spread over a period of not more than ten years.

(*e*) Determination of 'Benami loans' and applying the principle of un-limited liability in respect of members of societies held responsible for such loans.

(*f*) Compounding of debts on immediate lumpsum payment.

The purpose of the enquiry was not to put the agriculturist member to trouble, Government therefore ordered that entries in the account books passed in pursuance of the recommendations of the Valuation Committee should not be disturbed provided the conditions laid down by the Valuation Committee in regard to regular payment of the instalments have been complied with. For the working of the future also these recommendations of the Valuation Committee were not to be disturbed, if already acted upon by the societies and members concerned, and where the conditions were complied with.

The main point in the enquiry however, is that Government did not permit the scaling down of the debts and held that debtors' land will have to be sold when his repaying capacity does not justify the fixation of instalments.

The set off of shares was regulated by the orders of Government and was to be given effect for only in surplus societies as under :—

1/10th of the loan outstandings or Rs. 50 whichever is less in case of zamindars and peasant proprietors, and in case of hari 1/10 of the loan outstanding or Rs. 10 whichever is less is to be retained.

The composition of debts was to be effected in accordance with the instruments issued by the Sind Provincial Co-operative Bank Ltd. in this behalf. For the sake of convenience they are reproduced here under :—

(A)—*Surplus societies showing profit*) :—

(*a*) Good debts may be compounded by offering prorata concession in interest not exceeding 50 per cent of the surplus shown in the reconstituted balance sheet.

(*b*) Doubtful debts (which have not been taken into consideration) in the reconstituted balance sheet) may be compounded by offering concession in interest not exceeding the amount of interest outstanding against the party and considered doubtful, and

(*c*) Bad debts (which have not been taken into consideration in the reconstituted balance sheet) may be compounded by offering concession in interest not exceeding the amount of interest outstanding and considered bad and concession in the principal amount of loan not exceeding 50 per cent of the amount outstanding and considered bad. For any concession beyond these limits the Enquiry Officer should refer the matter to the Registrar C. S .Sind, through the General Manager, Sind Provincial Co-operative Bank Ltd., Karachi.

(B)—*Deficit societies (showing loss)* :—

(a) Cases for compounding good debts may be referred to the Registrar C. S. Sind, through the General Manager, Sind Provincial Co-operative Bank Ltd., Karachi.

(b) Doubtful dets (which have not been taken into consideration in the reconstituted balance sheet) may be cnmpounded by offering concession in interest not exceeding 75 per cent of the amount of interest outstanding against parties and considered doubtful.

(c) Bad debts (which have not been taken into consideration in the reconstituted balance sheet) may be compounded by offering concession not exceeding the amount of interest outstanding against parties and considered bad and concession in the principal amount of loan not exceeding 50 per cent of the amount outstanding and considered bad.

In order to judge the effect on the position of the primary agricultural societies, by applying the above two features, namely determination of bad debts, and setting off of shares, it may be observed that the total outstanding against members of both living societies and societies in liquidation before the enquiry aggregated: principal Rs. 40,86,957, interest Rs. 37,74,728, total Rs. 78,61,685 only. The amount of shares set off with the dues and outstandings totals Rs. 3,13,656 (Rs. 65,492 towards principal and Rs. 2,48,164 towards interest). The extent of bad and doubtful debts is Rs. 9,41,828 principal, Rs. 12,77,409 interest, total Rs. 22,19,237. The net amount thus due for recovery comes to Rs. 30,79,637 principal, Rs. 22,49,155 interest, total Rs. 53,28,792.

The total share capital of all the agricultural co-operative credit societies (both living and in liquidation), before euquiry was Rs. 11,20,159. Out of this Rs. 3,13,656 only have been adjusted towards the outstandings due from members, leaving a balance of Rs. 8,06,503. This works out to 28 per cent of the total share capital.

Out of 1,016 societies in all 773 societies are either surplus, or deficit in them can be wiped off by set off of share money retained in these societies. The question of making a provision for meeting the deficit does not arise in such societies. This question will arise only in the case of purely deficit societies where even the full set off of share capital will not be able to meet the deficit. Such societies number 243 in all (112 in Lower Sind and 131 in Upper Sind).

The total amount of bad and doubtful debts in such societies is Rs. 14,31,745 (principal Rs. 6,02,267 and interest Rs. 8,29.478., The deficit after enquiry as worked out aggregates Rs. 9,83,307 only, for which provision has to be made. This figure, however, will be reduced by making available the share capital of the members in the society and also by taking reasonable percentage of recovery from the principal amount of doubtful debts only into consideration. Experience in the past has shown that 50 per cent of the principal of doubtful debts may be recovered, provided concession by way of remitting the full interest is allowed. If this stand is taken together with the set off of shares, the deficit figure for which provision requires to be made by the society comes to Rs. 6,74,296 only. If however, a conservative view is taken by not taking into consideration recovery of 50 per cent of the principal from the doubtful debts in view of the problematic prospects of recovery therefrom, the net dificit after allowing set off of shares only will come to Rs. 7,48,543. This represents the loss of the societies. The Bank's loss will correspondingly be less as the loan of the Bank against societies will be less than that of societies to members in view of the difference in the rate of interest between the societies and bank, and member and societies. This difference is about 3 per cent. It is estimated that loss to the bank will approximately be between Rs. 4 to 5 lakhs.

As according to the orders of Government such a loss is first to be wiped out from the reserves at the disposal of the Sind provincial Co-operative Bank, it is being requested to to study the position critically and report in detail as to how much deficit could be written off from the specific reserves at the disposal of the bank, According to the balance sheet of the bank as on 30-6-1944, the Bank has following reserves :—

		Rs.
(a) Statutory Reserve	...	2,35,683
(b) Bad and Doubtful Debts Reserve	...	4,04,594
(c) Reserve for Overdue Interest	...	4,56,537
(d) Other Reserves	...	2,39,920
		13,36,734

Incidently it may be pointed out that according to the recommendations of the Valuation Committee, the estimated losses in the societies were approximately Rs. 16,00,000. The main reason for this reduced figure of deficit at present is the appreciation of the value of assets, and a better paying capacity of the agriculturists as a result of war conditions. Compounding of claims on the basis of immediate lumpsum payment has also contributed towards this reduction, as the Enquiry Officers have also reported that by composition of debts they have also to recover debts which they would have ordinarily considered as irrecoverable. The extent to which bad and doubtful debts were actually recovered has not been reported. The Sind Provincial Co-operative Bank has lately been supplied with the latest figures as on 30-6-45 of bad and doubtful debts in the deficit societies, after recovery during the two years from the enquiry. and the correct position will shortly be known.

Payment of loan by Annual Equated Instalments.—In the present enquiry the members of societies have been allowed the facility of paying the dues or outstanding in equated instalments for a period not exceeding ten. It may be mentioned that the facility of paying instalments has been in force informally since 1935-36. A Valuation Committee was appointed by the Government in 1939, which fixed instalments for a period not exceeding ten years. In the majority of cases the instalments fixed by the Valuation Committee have not heen paid regularly. As the facility of paying dues in instalments was dependent upon regular yearly payments, the concessions allowed by the Valuation Committee stood forfeited and recovery from such members was to be made of the entire outstanding by coercive methods. As a result of present enquiry, a fresh lease of life of another ten years has been given to borrowers including the defaulting borrowers. This by no means is a small concession. In the present enquiry instalments have been fixed by taking into consideration the probable income of each member on the basis of land assessment or otherwise and thus determined the repaying capacity. The decisions of the former Valuation Committee have been allowed to stand in case where the instalments fixed by them have been paid regularly, and the concessions involved in such decisions have been allowed to stand. Decision for recovery by execution of decree and auction of land has been taken by the Enquiry Officers only in those cases where it was found that it was not possible for the members to repay the loan within 10 years. The number of such cases and amount involved is as under:—

		No. of Cases	Amount involved.
Lower Sind	...	679	Rs. 8,70,890
Upper Sind	...	957	Not communicated.

Considering the total number of cases according to number of members which is 26,203, the number of cases where coercive process has been recommended without allowing the concession of interest is insignificant being 6 per cent of the total.

Experience of the working of the societies has shown that under peculiar conditions of Sind, the existing agricultural co-operative credit societies on unlimited liability basis have not proved suitable mainly due to the fact that in the absence of compact villages, societies have been formed in small hamlets where there is generally one headman, who is the principal khatedar and few of his relations and haris attached to him. The loans advanced to these societies naturally, therefore are distributed by the headman with inevitable result that benami loans have been the common feature of the transactions of such societies. On the other hand, most of the societies being one man's show, the democratic spirit of the co-operative movement is invariably lost sight of. There is great difficulty in securing local secretaries on account of general illiteracy and the fact that the societies on account of small working capital are unable to bear overhead charges. Neighbouring zamindars or khatedars when approached to join the existing societies are afraid to do so for the fear of enforcement of unlimited liabiliiy. There is no effective supervision of the societies, as there is hardly any place in the village for the departmental staff to take shelter, while inspecting and auditing such societies. Due to these difficulties the number of members of agricultural co-operative credit societies is decreasing from year to year and the members after liquidating their debts are asking for liquidation of societies.

To obviate this difficulty, it has been deemed advisable to amalgamate the existing societies and to bring them to central places so as to secure better management and provide for effective supervision and ultimately to form Taluka Banks on limited liability basis.

The programme of amalgamation and winding up of weak units in pursuance of the Cabinet decision is now in full swing and is expected to be completed within the co-operative year ending 30-6-47.

The reorganized societies have to adopt the model by-laws of Taluka Agricultural Co-operative Bank and their liability is to be converted from un-limited to limited with the consent of the Sind Provincial Co-operative Bank as decided by Government.

As these societies will be reorganized on wider basis for several groups of villages with enlarged functions, it is necessary that liability should be limited. This will, enable them to attract solvent and better class of agriculturists who have kept away from the movement and whose material and moral help if secured will contribute to the efficient management of societies. Un-limited liability is based on the fundamental idea of the members of the village societies possessing mutual knowledge of each others affairs in matters of their borrowing and punctual repayment of loans. These assumptions are not the realities of village life, particularly when the reorganized societies will now cater for the needs of several groups of villages.

Excepting 2, 3 reorganized societies, no other society has yet adopted the model by-laws of the Taluka Agricultural Co-operative Bank.

The Sind Provincial Co-operative Bank has agreed in principle to bear the defect of deficit societies which are proposed for amalgamation in groups. The cases of such 103 societies have to be decided on merits of each case. The matter is pending with the Bank. In the case of deficit societies in which the Bank does not agree to bear the deficit they will have to be taken into liquidation as soon as the decision of the Bank is known.

There are also deficit societies (about 30) with heavy losses where liquidation has straight off been proposed. Such societies have to be taken into liquidation in consultation with the Sind Provincial Co-operative Bank, which consulted in each case.

Agricultural Co-operative Banks, Limited.

These banks generally declare dividends ranging from 4 to 7 per cent and are working fairly satisfactorily.

As regards Taluka Bank at Tando Allahyar which has been started in 1943-44, during a period of three years it has shown considerable progress as would be evident from figures given above. It is proving to be one of the best managed institutions in the movement. It caters for the needs of small khatedars with a holding of from 10 to 150 acres and paying assessment not exceeding Rs. 1,500.

Operations of Agricultural Co-operative Banks, Limited.

Name of Bank.	Year.	Working Capital.	Share Capital.	Reserves.	Loan out-standing.	Deposits of members and non-members.
		Rs.	Rs.	Rs.	Rs.	Rs.
Lower Sind Zamindari Co-op, Bank.	1944—45	4,13,149	52,010	19,325	1,57,780	3,29,353
Mirpurkhas Zamindari Co-op. Bank.	1944—45	9,13,000	1,72,000	2,19,000	6,98,000	2,78,000
Larkana Zamindari Co-op. Bank ...	1944—45	10,91,006	1,06,000	97,000	4,10,000	8,50,000
Shikarpur Zamindari Co-op. Bank.	1944—45	8,20,700	1,63,400	93,510	3,08,550	5,85,345
Nawabshah Zamindari Co-op. Bank	1944—45	24,011	23,750	115	...	...
Lower Sind Zamindari Co-op. Bank Sujawal ...	1944—45	58,340	15,710	451	5,006	6,323
Tando Allahyar Taluka Agrl. C. C. Bank	1943—44	48,515	21,000	12,000	7,0 0	15,000
	1944—45	1,58,677	25,000	15,000	64,000	1,14,000
	1945—46	2,17,335	29,954	20,407	1,64,177	1,66,974

Financing Institution.—The Sind Provincial Co-operative Bank serves as a balancing centre for co-operative societies in the Province which are registered under the Bombay Co-operative Societies Act. It finances co-operative societies and individual members in Sind and generally carries on banking business. It has seven branches one in each of the 8 Districts, there being one branch for both the Sukkur and U. S. F. Districts. This bank also makes advances to societies and their members with the permission of the Registrar against the security of agricultural produce. It also advances loans to big zamindars on standing crops against mortgage of the crop for improvement of land and purchase of machinery. Loans for improvement of land and purchasing land have been started since last year. They are repayable in equated instalments for a period not exceeding 5 years.

It has a working capital of Rs. 1,54,99,000.

		Rs.
Share capital	... ...	8,35,000
Reserves	... ...	14,04,000
Loans to societies	... ...	33,11,000
Loans to individual persons	... ...	14,86,000
Deposits of members and non-members	...	89,50,000
Deposits from affiliated societies and banks	...	34,07,000
Cash in hand and bank on 30-6-45	...	31,11,000

The Bank's affairs are managed by the Board of Directors elected as per its by-laws. but at present there is a Committee of Management nominated by the Registrar with the approval of Government which is functioning for the last 7 years' ever since 1939. The Bank enjoys the public confidence as it will be clear from the figures of deposits and has stabilized its position.

Agricultural Non-Credit Societies.—The following is an analysis of working capital of agricultural non-credit societies which number 15 during the year.

		Rs.
Share capital	... ...	7,27,431
Members' deposits	... ...	7,39,588
Non-members' deposits	... ...	37,62,217
Societies' doposits	... ...	11,708
Bank loan	... ...	47,057
Reserve Fund	... ...	83,801
Other Funds	... ...	37,906
Working capital	... ...	54,09,708

There are no co-operative marketing societies in the strict sense of the term. Special mention may, however, be made of the Hyderabad District Co-operative Purchase and Sale Society Ltd., which has been organized with the main object of suppressing or bringing down black market trading by purchasing and selling wholesale agricultural products, food-stuffs, and other articles of necessities of life. During the year ending June 1945 it had a working capital of over Rs. 38 lakhs and as reported by the society earned a net profit of about Rs. 84,186. The society dealt in articles such as rice, wheat, and other cereals, sugar coco, gold, standard cloth and coal.

Urban Co-operative Movement.—There were 87 societies of this type during the year 1944-45 as against 97 of the last year. The following are the comparative figures of the working capital.

		1943—44 Rs.	1944—45. Rs.
Share Capital	...	17,58,245	17,89,398
Members' deposits	...	30,36,248	99,94,950
Non-members' deposits	...	74,10,882	20,14,355
Societies' deposits	...	1,02,250	88,378
Bank loan	...	1,05,977	1,06,288
Reserve Fund	...	6,62,371	6,60,299
Other Funds	...	3,47,590	4,29,990
Working Capital	..	1,34,23,563	1,50,83,648

The above figures will show that inspite of the fact that 10 societies have heen put into liquidation, there has been a considerable rise in the share capital and deposits of members. The working capital has also increased. The working of this type of societies is generally sound. 16 more Co-operative Stores (including one wholesale stores) were organized during the year ending 30-6-45, bringing the total to 31. They catered for the needs of their members to supply them with goods. This was necessitated chiefly because the controlled goods were difficult to be had, and a co-operative store was considered to be the best method of controlling the black market. Such stores were mainly organized on communal basis, for muslims and Hindus. As however, no special concession was shown to co-operative stores by Government they have not been able to do appreciable service to their members, beyond supplying the goods at controlled or reasonable rates. Their working capital aggregated Rs. 41,15,498 and profit earned during year amounted to about one lakh.

Housing Societies.—The old societies numbering 16, have also completed the construction work, and are regularly repaying the remaining outside debts. 11 more housing societies were organized bringing the total to 27. The latter have not been able to commence work as they are not able to get any plot so far. The desired effect that the organization of such societies will minize the dearth of houses, has therefore not been gained. The total working capital of the societies amounted to Rs. 10,10,831 out of which Rs. 4,70,519 represents share capital. Profits during the year aggregated Rs. 11,831.

Audit, Inspection, and Supervision.—As a result of reorganization of the co-operative department, the work of inspection and supervision which was being conducted by the Sind Provincial Co-operative Bank, and Provincial Board of Supervision before 1st April 1945, has been transferred to the Department. The work of recovery of dues of agricultural societies is also attended to by the Department through the staff. The entire inspection and supervision staff of the Sind Provincial Co-operative Bank, and the Provincial Board of Supervision including the office establishment of the latter has been taken up in Government service. The Sind Provincial Co-operative Bank and Provincial Board of Supervision contribute towards the cost of the reorganized scheme.

M. A. AWAN.

CO-OPERATIVE MOVEMENT IN AJMER-MERWARA

Ajmer-Merwara is a Centrally Administered Province with an area of 2,711 square miles and a population of 5,84,000 (1941). It is situated in the heart of Rajputana. The area is mos'ly hilly unfit for cultivation. The average annual rainfall is about 20 inches. Frequent failure of rainfall renders the area liable to scarcity and famine. Agriculture and cattle-rearing are the main occupations. About 62 per cent of the people depend on it. Maize, millets, barley and wheat are the staple food crops. Among the money crops are cotton and chillies. The Province is administered by the Cheif Commissioner.

The movement was first introduced in Ajmer in the year 1904-1905. A central bank was formed at Ajmer in February 1910. During the year 1928-29, the total number of societies was 554 and their membership 13,821. Their working capital amounted to about Rs. 42 lakhs. The total number of societies on 30th June 1946 increased to 822. The statement enclosed will indicate the progress made by the movement.

Non-agricultural societies, which do not depend on the central institutions for their finance, have shown appreciable progress. The first non-agricultural society was formed in the year 1918-19, with a membership of 14 and working capital of Rs. 350.

Rural Credit Societies.—As the main object of the movement, was to assist agriculture, the number of rural credit societies continues to be the largest. Unlimited liability societies with divisible profits are the main type. The value of each share is Rs. 10. No restriction is placed on the number of shares that can be held by the members. Profits are divisible after ten years from the date of registration. In the begining, loans were advanced for all the requirements of the agriculturists. Advances are now restricted to productive and crop loans. To encourage the habit and practice of thrift, members in new societies make compulsory savings.

Number of rural credit societies on 30th June 1946, was 547 with a membership of 12,138. Their working capital amounted to Rs. 10,86,188. Every care is being taken to weed out the defaulters. During the year, 489 new members were admitted against 333 the last year. During the year ending 30th June 1946 credit societies advanced Rs. 10,8600. In respect of numbers and amount, loans for plough cattle topped the list. Next in order of number were loans for purchase of seed and manure. Loans for trade stand third and they represent loans issued to Regrs, weavers, carpenters and iron smiths in the villages for purchase of raw materials. The percentage of productive loans to the total advanced during the year was 80. Remaining 20 per cent were loans for necessaries of life. Recoveries amount to Rs. 2,64.757 principal and Rs. 1,21,257 interest. Principal and interest outstanding amounted to Rs. 6,73,964 and Rs. 3,15.850 respectively against Rs. 8,30,121 principal and Rs. 3,815,34 interest last year. Reductions in amounts of both principal and interest outstanding are very encouraging. Average loan per member amounts to Rs. 81.5. Of the 547 societies, A and B class societies number 12 and 171 respectively; 224 are societies in class C and 37 are in class C bad; while D class societies number 98. Five societies being new have been not classfied as yet.

Central Banks.—The number of central banks is 2. One is at Ajmer and the other is at *Beawar*. The Ajmer central bank has been recognised and declared a Provincial Co-operative Bank by the Local Government within the meaning of Section 2 (b) of the Reserve Bank of India Act. This bank acts as a clearing house and also provides financial accomodation to the six central institutions, including five banking unions in Ajmer-Merwara. It is the apex bank of the Province. Rs. 36,301,648 was advanced by the central institutions to Banks and societies during the year and a sum of Rs. 38,13,438 was recovered.

The Beawar Central Bank, whose financial position was critical until recently owing to reckless advances in the beginning to members of the affiliated societies, has now recovered from the setback, which was further aggravated by the retrocession of some of its affiliated societies to Mewar and Marwar. Rs, 1.50 lakhs from Government was borrowed by the bank. The last instalment of the Government loan was paid during the year. Its working capital now amounts to Rs, 7,32,048. Reserve amounts to Rs. 58,924 and share capital is Rs. 90,000. The following figures will show the financial position of the central Institutions as a whole:—

		Rs.
Share Capital	...	1,93,900
Reserve and other funds	...	7,48,858
Deposits from Individuals	...	12,04,546
Government loan	...	Nil.
Loans and Deposits from Banks and Societies	...	815,731
Total	...	29,63,035

Non-Credit Central Societies i. e., Sale and Supply Unions.—These number 9. Purchases during the year amounted Rs. 127,261 against 1,68,014 of last year. Fall in the amount of goods purchased was due to smaller supply of controlled goods during the year. Goods worth Rs. 1,49,062 were supplied during the year against Rs. 1,44,010 last year.

Land Mortgage Banks and Societies.—On the 30th June 1946, the land mortgage banks and societies working in this district numbered 12. The main object of these banks and societies is to finance agriculturists for the redemption of land and agricultural improvements. There is no Central Land Mortgage Bank. The working capital of the banks and societies amounted to Rs. 64,614. During the year 1945-46, loans amounting to Rs. 7,597 were advanced for redemption of land, sinking and repairing of wells and *nadies*. Since the start of these banks and societies, 6041 bighas of land have been redeemed. Repayments during the year amounted to Rs. 15,644, against 13,666 last year. Membership of these institutions is 1,158.

PRODUCTION. (*a*) **Cattle Breeding.**—The cattle-breeding co-operative societies numbered 6 on the 30th June 1946 against 4 last year. Membership increased from 42 to 68. Number of animals increased from 192 to 450.

(*b*) **Fodder Storage.**—The number of fodder storage societies was 20 on 30th June 1946. The stock of fodder which these societies had at the beginning of the year was 320 maunds. 440 maunds fodder was collected during the year and 378 maunds was returned to the members for their use. Fodder in stock on 30th June 46 was 382 maunds. Rainfall in the province is generally deficient. If the number of such societies can be increased, and if their activities are expanded, they can act as a potential buffer against fodder shortage.

(*c*) **Better Farming Societies.**—Their number is 2. They prepare compost manure and popularise improved varieties of seeds, but much headway cannot be made unless special staff trained in the technique of improved methods of cultivation is appointed.

(*d*) **Land Improvement Societies.**—They numbered 5. Up to the close of the year, the number of trees grown on the embankments was 707. These societies aim at increasing the sources of irrigation and average area under cultivation.

(3) **Grain Societies.**—Their number was the same as last year. They numbered 8. They advance loans in grain.

(*a*) **Non-Agricultural Societies.**—From the facts given below, it would appear that the working of the Urban credit movement is very satisfactory and their financial position is very sound.

		1944—45	1945—46
No. of Societies	...	101	109
No. of Members	...	4,861	4,857
Loans Advanced	..	Rs. 8.96 Lacs	Rs. 12.19 Lacs
Repayments	...	„ 8.21 „	„ 10.85 „
Overdues	...	„ .72 „	„ .39 „
Percentage of Recovery	..	„ 109	„ 119
Profits	...	„ 20,274	„ 21,412.

(*b*) **Credit Unlimited.**—The following facts and figures will explain the working of the unlimited credit societies.

		1944—45	1945—46
No. of Societies	...	31	31
No. of Members	...	615	622
Advances	...	Rs. 5,669	Rs. 4,226
Repayments	...	„ 5,281	„ 4,986
Working Capital	...	„ 34,818	„ 35,659

(*c*) **Thrift Societies.**—These small institutions are rendering useful service. They have been organised generally amongst the ladies, nurses, teachers, Government servants, doctors, Chaprasis, and railway employees. They have shown an allround progress in their working, as would be clear from the facts and figures given below:

		1944—45		1945—46
No. of Societies		35		39
No. of Members		613		719
Monthly contributions	Rs.	1.26 Lacs	Rs.	1.35 Lacs
Working Capital	„	2,04,253	„	2,15,908
Profits	„	5,112	„	5,688

(*d*) **Housing Societies.**—They numbered 5 at the close of June 1946. These societies secure plots of land for their members and advance loans for building purposes. Membership is 306 against 298 last year. Number of houses constructed up to the 30th June 1946 is 154. Loans outstanding against the members amounted to Rs. 65,205. Central Bank loan at the close of the year against these societies was Rs. 30,462.

(*e*) **Societies for promoting Education.**—There is one Co-operative Education Society with a membership of 194 and a share capital of Rs. 5,067. It gives financial aid to students for education. It has financed 153 students so far. Its working capital on the 30th June 1946 was Rs. 72,474 and it earned a profit of Rs. 2,073. There was no central bank loan.

Better Living Societies.—They are 25 in number with a membership of 349. General health programmes of house and home hygiene are carried on in these societies.

Poultry-breeding Societies.—They numbered 6 with a membership of 81. Number of birds at the close of the year was 496. As Government have sanctioned a whole-time Inspector for this Co-operative activity, it is hoped, better results will be shown next year.

Wool and Leather Workers.—There is only one society with a membership of 12. Wool worth Rs. 1,000 was purchased co-operatively by the members and was issued to the members as and when required. Goods worth Rs. 1,273 were sold through the society.

Consumers' Stores.—Their number on the 30th June 1946 was 12. Larger number of stores could not be organised owing to the lukewarm and unsympathetic attitude of the control department. The following figures will explain their working ;

		1944—45	1945—46
No. of Stores	...	12	12
Membership	...	3,371	3,113
Share Capital	...	Rs. 41,143	Rs. 44,965
Purchases	...	„ 1,47,093	„ 3,57,074
Deposits	...	„ 11,650	„ 6,633
Central Bank's loan	...	„ 4,300	„ 2,309
Government Subsidy	...	„ ...	„ 10,000
Profits	...	„ 2,679	„ 3,304

Supervision, Education and Audit.—The Registrar is the administrative head of the movement. He is assisted by 5 Inspectors paid by the Government. Inspectors are recruited from graduates in Economics. After receiving field training for at least six months, they are sent to Gurdaspur (Punjab) for attending the training class there. Central Institutions and Urban societies are audited by the departmental Chief Auditor. Central Institutions and Urban societies having a working capital of Rs. 20,000 or above are audited by certified Government auditors and G. D. A. S. Departmental auditors who are promoted from the rank of Sub Inspectors of Co-operative Societies audit rural Societies. The Sub Inspectors supervise the rural and Urban Societies. They are paid from the Salary Fund. In rural areas owing to the nonavailability of literate Secretaries the Sub Inspectors have to do the clerical work also. Six months field training is given to the Sub Inspectors and then they are required to attend a training class for 2 months. The services of the Educational Inspector Co-operative Societies Punjab are borrowed every year from the Government of the Punjab for training the Sub Inspectors and Secretaries. A refresher's course is also held every year for the whole staff. Maintained from the budget allotments of the Government of India, there are 4 propagandists and one organiser who educate members of Co-operative societie in the principles of co-operation.

Summary of General Progress.

Class.	On 1st July 1945.			Working Capital.	On 1st July 1946.			Working Capital.
	Societies.	Members.			Societies.	Members.		
		Individuals.	Societies.			Individuals.	Societies.	
				Rs.				Rs,
Central ...	7	678	1,006	30,43,316	7	673	1,018	29,63,035
Agricultural ...	601	14,091	...	12,12,452	607	14,025	...	11,55,165
Non-Agricultural ...	186	9,781	...	16,93,952	196	9,711	...	18,98,921
Central Non-Credit ...	12	...	519	59,675	12	...	520	33,205
Total ...	806	24,550	1,525	60,09,395	822	24,409	1,538	60,50,326

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