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Vol. XVI. No. 2 APRIL—JUNE, 1950

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136

INDIAN CO-OPERATIVE REVIEW

JOURNAL OF THE INDIAN CO-OPERATIVE UNION

PUBLISHED QUARTERLY

EDITORIAL COMMITTEE

Prof. HIRALAL L. KAJI, Chairman.

T. A. RAMALINGAM CHETTIAR, N. SATYANARAYANA,

B. J. PATEL, V. VENKATACHALAM,

K. C. RAMAKRISHNAN, Managing Editor.

THIS ISSUE CONTAINS :

Subscription per Annum: Rs. 8. Price per Single Copy: Rs. 2/8.

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Luz, Mylapore, Madras.

President:

SRI BHOGARAJU VENKATARATNAM.

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Paid-up Capital	... „	**12,37,700.**
Reserves	... „	**24,20,009.**

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Summary of Balance Sheet as on 30-6-'49.

Liabilities.	Rs.	*Assets.*	Rs.
Paid-up Share Capital ...	12,37,700	Cash on hand and balance with Banks ...	48,685
Reserve and other Funds...	24,20,009	Loans to Primary Banks ...	3,45,74,585
Debentures ...	4,20,92,000	Sinking Fund Investments...	87,76,519
Deposits, Loans and Overdrafts ...	13,61,325	Other Investments ...	38,48,498
Sundry Liabilities ...	5,17,986	Sundry Assets ...	6,07,808
Profit ...	2,26,075		
Total ...	4,78,55,095		4,78,55,095

M. DATTATRAYULU, B.A., C.A.I.I.B.,
Secretary.

THE INDIAN CO-OPERATIVE REVIEW

VOL. XVI APRIL—JUNE, 1950 No. 2

136

CONTENTS

We regret that mistakes have crept into the last issue of the *Review* (January—March 1950).

Page	*Line*	*For*	*Read*
50	35	7 per cent	1 per cent
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1. Contributions are invited from advanced students and active workers in the co operative field on aspects of co-operation with which the Indian Co operative Review will deal from time to time.

2. Articles should in general not exceed 10 pages (approximately 3,000 words) typewritten (foolscap.)

3. Articles contributed to the Indian Co-operative Review should be sent exclusively for it and should not be sent to any other journal for publication unless and until intimation is received that the Review cannot find space for them.

4. Manuscripts of articles not accepted for publication will be returned to the writers, if they so desire.

5. Every contributor will receive one copy of the issue of the Indian Co-operative Review containing his article and 20 off prints of the article.

6. Other journals can extract articles published in the Indian Co-operative Review with due acknowledgement.

7. Books and Reports on Co-operation and allied subjects will be thankfully received and reviewed as early as possible in the Indian Co-operative Review, provided **two** copies of them are sent by the publishers. Two copies of the Indian Co-operative Review containing the Review will be sent to the publishers.

93744

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The 28TH INTERNATIONAL CO-OPERATIVE DAY*

Declaration of the International Co-operative Alliance

The International Co-operative Alliance, which unites the National Co-operative Movements of 30 countries and speaks in the name of one hundred million co-operators, has, for more than fifty years, striven with all the means in its power for Peace through Co-operation, believing that the universal application of the Fundamental Principles of Co-operation offers a guarantee of Peace and Human Progress

On the occasion of the 28th International Co-operative Day, the I. C. A. re-affirms this belief, and directs the serious attention of all its members to certain prerequisites for Peace at this time—

That, in every country of the world, the people shall enjoy freedom of thought, freedom of speech, freedom of movement, freedom to elect their Government by democratic methods, freedom to create, administer and control their Co-operative Organisations according to the Principles of Rochdale;

That the standards of living and economic development in the more advanced countries and in the under-developed countries of the world shall be brought to a more comparable level by the raising of the standards in the under-developed countries, particularly by the promotion of Co-operation;

That those countries which have accepted membership of the United Nations shall continue to collaborate harmoniously in the fulfilment of the high aims of the World Organisation in the spirit of the Atlantic Charter, particularly as regards the implementation of the principle of free access to the raw material resources of the world and, thereby, the curbing of all attempts on the part of monopolistic profit-making cartels and combines to acquire domination of such resource and to control their production, utilization and distribution;

That there shall be created an effective international control over the manufacture, in every country of the world, of all types of armaments and all other instruments of war including atomic bombs.

The International Co-operative Alliance urges its members in all countries to make known their determination for peace; to focus public opinion upon the prerequisites to peace; to use the 28th International Co-operative Day for demonstrating by all possible and appropriate means the will of Co-operators for the realisation of peace so that humanity may be saved from the fear of war, and that there may be promoted throughout the world those conditions in the relations between nations that will engender the spirit of peace and goodwill amongst and to all men.

* This day will be observed in India on 4th November 1950, when the above declaration will be adopted.

THE INDIAN CO-OPERATIVE REVIEW

VOL: XVI | APRIL—JUNE, 1950 | No. 2

EDITORIAL NOTES

The I.L.O. and Co-operation.

Mr. G. N. Lamming, the Chief of the Co-operation and Handicrafts Service of the International Labour Office, who attended the II Asian Conference of the I.L.O. in Ceylon (where co-operation was discussed with special reference to Eastern countries) and visited India on his return journey, has been good enough to respond to our request to contribute an article in this issue, wherein he explains the services the I.L.O. has rendered to the cause of co-operation in the last 30 years, which it is ready to extend to Asiatic countries in future.

The I.L.O. Co-operation Service is, first of all, a bureau of information on co-operation. It is in touch with a hundred countries in the world. The I.L.O., however, being an inter-governmental organisation, would appear to attach, judged by its publications, more importance to official sources of information than to non-official organs. The Co-operation Service is content to publish periodical bulletins of information and occasional articles on co-operation in the *International Labour Review*. We very much wish that it publishes a monthly or at least a quarterly journal on all aspects of co-operation which come into its purview. *The Review of International Co-operation*, published by the International Co-operative Alliance, is mostly, if not exclusively, concerned with consumers' co-operation. The Asiatic countries are more interested in the different phases of Agricultural Co-operation.

The I.L.O. experts in co-operation are sent out to plan the organization or expansion or redirection of co-operation in countries abroad. But for every one of these activities the association of some local authority, official or non-official, who understands the background, social and economic, is essential. It was easy perhaps to organize co operation among organized industrial workers of Britain and Germany or the educated peasantry of Scandinavian countries. It is more difficult to organize co-operation among the unorganized industrial workers or the illiterate petty peasants of countries in Asia. Western experience may not avail except to a limited extent. Collaboration of leaders having local knowledge and sympathy with the people should be sought from the beginning, not merely of men of high education who may not be in touch with the people. Many of our development schemes fail on account of such initial blunders, as much as for want of sustained workers later on.

. . .

Role of Co-operation in Growing More Food.

We are publishing in this issue four articles, received in response to our invitation, on the role that co-operation has been playing and can yet play in increasing food production to meet the crisis of food shortage in this country, to the tune of nearly 5 million tons of food-grains per year. We are not unaware of the services rendered by co-operative credit societies and land mortgage banks in granting loans respectively for cultivation expenses and for improvement of land at rates of interest lower than those of money-lenders, especially now, and repayable in easy instalments. But we were more keen on knowing the direct and special contribution made by co-operative societies in helping people to grow more food by the extension of the area of cultivation by reclamation or by new irrigation, and the intensification of cultivation by the supply of water, seeds, manures, implements, machinery, etc.

It is natural, in the first instance, to look to the extension of the area that can be brought under cultivation from out of the vast extent of 'cultivable wastes' which used to figure in our Agricultural Statistics. Grave doubts have been expressed as to the practicability of reclaiming much of these wastes. According to present estimates, not more than 7 per cent of our shortage in food could be made good this way. We find that in the last 3 years only a few lakhs of acres have been reclaimed in the tract in

North India which has received the greatest attention of the Central Tractor Organization. In this scheme of reclamation, co-operation has played no part, though after reclamation experiments in co-operative farming have been launched, with results not very encouraging.

In the humbler schemes of reclamation by mere manual labour, as in Madras, some degree of success has been achieved by the colonisation societies for backward landless classes. But the area reclaimed is too small and the addition to the national food supply negligible. The scheme aimed at conferring individual ownership or heritable occupancy rights, after the colonists were fairly well-settled, and at individual cultivation, each of his own holding. Co-operation was resorted to for credit, purchase and sale. Attempts to induce the colonists to cultivate jointly, each retaining the rights of ownership of his holding, were of no avail.

In a tropical country, irrigation may be the only means by which the area of cultivation may be extended over land lying waste. But it is more often a great stimulus to and an essential condition of intensive cultivation. The State is expected to take up all irrigation works expcept wells or small tanks, which individual owners or groups of owners of land have to attend to. It is sad to find tanks and wells in repair while men and women are idle. We have a number of irrigation societies, more to attend to repairs rather than to construction of new works. Government and land mortgage banks have been granting long-term credit but little technical assistance. Sometimes, assistance which is promised is very slow in coming. In a newly formed landlord-cum-tenant farming society near Madras, where the landlords were keen on lifting water from a perennial spring, long and deep, which could be done best by oil-engines, help has not come in time; red tape and correspondence have led to the withering of crops, while the water was there. We wonder what the District Advisory Committee did.

There is a great appreciation of and demand for electricity, primarily for pumping water in villages served by electricity. Societies could be organized for the distribution of power and supply of materials and for repairs. But the supply of power has been held up on account of the lack of accessory materials. The situation is improving slowly.

Co-operative societies have been organized in all the States for the supply of agricultural requirements, though it was held for a long time that Raiffeisen societies should supply them to members, just as well as credit. Little, however, was achieved. Latterly, it has been the fashion to set up multipurpose societies, with supply of agricultural and if possible domestic requirements as the main function. We have no idea of the quantity or variety of requirements supplied.

As for machinery, different views are held on the scope for tractors and other heavy machinery as most of the farms are too small. It is perhaps wishful thinking to imagine that ryots will pool their lands together for the use of such machinery even for one or two operations. Perhaps the bigger among them may find some use for smaller tractors and other machines as are said to have come into vogue in France and Netherlands, in which case special machinery societies will have to be formed for owning and hiring them out. We believe that there is ample scope for the use of some improved bullock-driven implements put forth by the Departments of Agriculture and are in use among a limited number of agriculturists in the neighbourhood of agricultural stations, e. g. some of the mould board ploughs, the seed-drill and the bund-former. They are not only labour-saving but labour-improving. They are within the means of some farmers; but any one should get them for hire from a supply or any co-operative society, which can own some and hire them out.

The supply of better and more manure is perhaps the quickest method of growing more food. It accounts for the phenomenal yield of Japan. Emphasis should no doubt be laid on conserving indigenous manure, on using green leaves and composting of materials now going to waste. But when all these are conserved and used, even then there will be an insufficiency of manure which has to be supplemented by the use of chemical fertilizers if quick results are wanted, though it is better to use them along with green

manures. It is a step in the right direction that the Government of Madras have taken in transferring the sale of these fertilizers and some other agricultural requirements from the Agricultural Depots to co-operative societies much to the relief of the Agricultural Demonstrators who would be able to attend to their main work of demonstration and propaganda and the multiplication and distribution of better seeds evolved by the Department of Agriculture.

We lament very much the gulf between the teaching of agricultural scientists and the actual practices of our agriculturists. We are told of the excellent work turned out by the staff of the County Agricultural Committees in U.K. and the extension staff of the Agricultural Department of U.S.A. It is perhaps not so wellknown in this country that in a number of countries in Western Europe, co-operative societies themselves were the best propagandists of the new agriculture. The Catholic clergy, who were the organizers and often served on the boards of management of agricultural co-operative societies, took keen interest in the study and practice of modern agriculture and spread the knowledge of the same to the people and organized the supply of seeds and manures and implements through co-operatives. Will not the educated missionaries now found among the Hindus and Muslims, not to speak of Christian missionaries (some of whom are already in the field at Martandam and elsewhere) organize and guide societies for the production and distribution of food-stuffs even as they have taken to education and medical relief?

Attempts have been made to introduce co-operative farming along with reclamation and colonization on new lands. We are not surprised to learn that even among refugees who received a lot of State aid in their colonies and had no old association or sentiment attached to their land, the appeal to cultivate jointly is not appreciated. The response in Madras and elsewhere has been more or less the same. The passion for individual cultivation, not merely individual ownership, and reaping the fruits of one's own efforts seems to be so strong and the tradition for any form of joint farming to be so lost that it is better to give up any attempt at co-operative farming, except where we find a band of men educated and enthusiastic and imbued with a mission to serve and ready to turn their hands to any kind of work as the Jews were in Palestine. If more food is the immediate concern, let us offer the best incentive for it and not complicate the problem by introducing idealistic schemes of farming, for which people are not yet ready.

* * *

Industrial Producers' Co-operation.

In industrialised countries of the West, Consumers' Co-operation has developed enormously, in particular among the working classes who are employed in factories and other large-scale establishments. But the spread of co-operation for the production of goods by workers controlling their own industry has been very slow, almost ridiculous in comparison, even in industries run on a small or medium scale. The few that survive seem to carry on by the sufference, and to some extent the patronage, of consumers' societies. Some of these are so large as to indulge in production on their own account; many of them buy their requirements from the productive works of the Wholesales of which they are members. Standardised consumers' goods, produced on a mass scale at a low cost, are more in demand by them. The workers' productive societies are generally composed of men who are skilled workers intent on giving expression to their skill and individuality.

The Consumers' Movement in spite of its working class origin and composition has developed a mentality of organizing production and controlling the workers there, instead of encouraging societies where the workers control themselves and elect their leaders. This form of industrial democracy was most favoured by eminent economists like J. S. Mill and authors like Ch. Kingsley. But it has not made even as much appeal in England as it has done in certain industries in France and Italy. Even the great Webbs did not favour it for reasons which are not very convincing.

It is a matter for satisfaction that an eminent economist like G.D.H. Cole entertains hopes for a brighter future for the industrial producers' societies. (Vide extract published in this issue.) If they failed repeatedly in the past Depressions, Prof. Cole argues, there is no reason why they should fail again, now that

there is a better understanding of the causes and the control of Depression. The maintenance of Full Employment is now the policy of the State, and of the United Nations too. Even if nationalisation of industries is the policy of the State, a number of industries are too small to be taken up by the State. But it is unsafe to entrust them to capitalists who might sweat the workers more, because they are small in number. Small industries are proverbially sweated industries. The industries which do not need large capital but skilled and disciplined workers deserve special protection. The State may provide part of the capital and also provide a market for some of its departmental and other requirements. The municipal bodies may likewise invest capital and purchase their needs. The trade unions and co-operative stores and worker-members themselves may take up the rest of the capital and all of them may be represented on the board of management.

Some such co-operative organization may be devised for our small-scale industries, at least for such of them as do not need to fear the competition of large-scale industries. They should be switched on to electric drive, not in every cottage, but at a central place where all the workers may gather, not far from their homes. There is something to be said in favour of this much of centralisation, as it avoids some of the evils of home industries: working overtime of women and children, a poison which eats away the last traces of home and family life; toil and drudgery in insanitary conditions, etc. The societies would relieve the workers of the cares and anxieties of purchase and sale.

* * *

Conference of Provincial Marketing Societies.

There is perhaps no field of co-operative activity which offers more bewildering problems than that of co-operative marketing, which however if properly tackled would confer great benefits on agricultural producers and on consumers of produce. The whole system of marketing, general as well as co-operative, needs to be rationalised. But it is a pity that even elementary data are not made available of the transactions of the small number of marketing societies organized in the country, not even of the provincial marketing societies.

It is with a view to help ascertain and publish the data and discuss the policies followed, the methods of marketing and the difficulties met with and to take counsel as regards future lines of action that a conference of provincial marketing societies in the Indian Union was convened at Bombay in the last week of April under the presidentship of Prof. H. L. Kaji, President of the Indian Co-operative Union and also President of the Bombay Provincial Co-operative Marketing Society.

Prof. Kaji in his address, pointedly referred to the obsession of credit that still lingered in official circles which looked to credit institutions to discharge other functions including marketing. The statistical returns were vitiated by this outlook. He asked why the Reserve Bank of India should not advance cheap finance direct to provincial and other big marketing societies instead of passing it through provincial or district banks that take their own toll, raising the lending rate to the ultimate borrowing members needlessly heavy. He condemned the practice of co-operative banks lending to traders on the pledge of produce (nay, on promise of pledge of produce too) while co-operation is expected to protect the producers and consumers from these very traders. He pleaded for a greater recognition by the State of the provincial marketing societies in respect of procurement and distribution of controlled commodities and of unstinted support to such policy by the administrators. More liberal State aid for the construction of godowns and recruitment of trained personnel for their management and inspection were needed. State policies on marketing, he remarked, were in a state of flux. He demanded clarification on matters of policy by the institution of a select committee (composed of officials of the Co-operative Departments concerned with marketing and representatives of the provincial marketing societies), which was echoed by the Conference in a resolution. Other resolutions passed were more or less on the lines of the President's proposals.

We hope that something tangible will result from the deliberations of this Conference and that under the auspices of the Indian Co-operative Union a committee of provincial marketing societies will be formed which will set up an efficient bureau of information on marketing matters and give publicity to their considered views.

* * *

Land Mortgage Banks of Madras and Bombay.

We are publishing in this issue the proceedings of the two Conferences of Land Mortgage Banks, one of Madras, the other of Bombay, the two States where this type of institution has taken stronger root than in other States, except Mysore which comes in between. Of the two, Madras has shown greater progress in the number of primary mortgage banks and the number and amount of loans granted. Sir J. A. Madan, who presided over the Bombay Conference, instituted a comparison with figures between the two, but did not account for the lag in Bombay; only he exhorted his hearers to come up to the level of Madras, if not higher. The Hon'ble Sri V. L. Mehta, Minister for Finance and Co-operation, Bombay, in his inaugural address said that one reason for the success of Madras was the small size of the primary unit, while in Bombay the banks were few and far between, some of them serving a whole district each. Attempts, he said, are being made to open more branches of the Provincial Land Mortgage Bank or to ask district central banks to act as agents of the Provincial Mortgage Bank. It seems to us that the Madras system of having independent primary units, aiming at one bank per taluq, is better in so far as the local directors will take keener interest in the initial investigation and later inspection of the lands and the parties concerned—not leaving it all to an official of the Department. It will mean less delay and expense in travelling etc. We are sure that Bombay has as much good human material as Madras has.

Systems of land tenure are not very different in the two States, over large parts of which the ryotwari system prevails. In Madras the land mortgage banks could not make headway in the unsurveyed and unsettled zamindari areas which occupied a third of the State. But with the abolition of Zamindaries, the responsbility to cover that area is felt by the Central Land Mortgage Bank. The Conference was keen on having the survey and settlement expedited by the Government and passed a resolution on the same.

Bombay has taken the lead in conferring rights of occupancy on certain conditions and even of acquisition of land on tillers of the soil of some years' standing. Applications for acquisition of land are said to be pouring in. But the extent to which purchases at present values should be encouraged and the margin of security for loans seem to engage the attention of the authorities. When these are decided a great increase in the volume of business is inevitable, as it was in countries, like Ireland, where such reforms were enacted. It is necessary to see that the borrowing capacity of an individual is not exhausted in buying up the land but something is left for capital expenditure on improvement of the land.

The President of the Madras Central Bank, Mr. B. Venkataratnam, was not against the idea of enabling tillers of the soil to acquire lands. But he feared that restrictions on ownership and transferability of land of non-tillers, contemplated by enthusiastic agrarian reformers, might depress agriculture and outturn from land. He wanted loans to be granted by the land mortgage banks for purchase of land by those who wished to make their holdings economic. He cited the instance of the land banks of U. S. A. which advance 60 per cent of the purchase price of land to be owner-operated. But there is one difference between Madras and U. S.; that is in the system of inheritance. Farms generally continue intact there. Here economic holdings will be broken up, unless there is a statutory provision against it or a condition is stipulated in the case of aided lands at least.

The Government of Bombay have been for a few years now granting *taqavi* loans at a low rate of interest for the construction and repair of wells, the purchase of agricultural machinery and for minor works of land improvement. The urgency of the Grow More Food Campaign was the cause of this direct action by the State. But they are anxious that the Provincial Land Mortgage Bank should also lend for such purposes at a low rate (3½ per cent) and to enable it to do so they have agreed to subsidise the bank. A similar subsidy by the Government of Madras is given to the Central Land Mortgage Bank to enable it to lend at 4 per cent—but only in the Rayalaseema districts for a period of 5 years. There

are, however, equally dry areas in other parts of the State, both on the coast and in the interior that call for similar help. The Government, we hope, will consider favourably the claims of these dry areas too.

* * *

Merchants and Co-operation.

Mr. J. C. Ryan, Registrar of Co-operative Societies, Madras, is reported to have assured a party of bussinessmen at Madras, who complained of interference by co-operative societies with the normal channels of trade that the co-operative movement would not eliminate the ordinary channels of trade and appealed to them to join the co-operative movement and give it the benefit of their experience, without giving up their private trade. Mr. Roche-Victoria, the Food Minister, at another place commended Mr. Ryan's advice and also appealed to the merchants to join the movement and give it the benefit of their experience. He added that it would give them an opportunity to study their working and offer their criticism to the Government so that the latter might rectify the defects. But he was pleased to say that as Food Minister he had great faith in the procurement work being entrusted to co-operative societies and he believed that co-operative societies did it on the whole much better and with less room for complaints.

This is a certificate that co-operatives would value, coming, from an authority most responsible for procurement and distribution of food-grains. But we do not know why he and the Registrar of Co-operative Societies should still invite the merchants to join the movement. The record of merchants in buying and selling grain and other essential requirements has not been creditable to them or favourable to the public, the producers or consumers. On every possible occasion they have screwed up prices for consumers, even though they had stocked goods at lower prices but not hesitated to pay low to producers in a season of glut arising from harvest or importation or report of importation of food-grains. Profit, whenever and wherever possible, is their motive. Blackmarketing, concealing of goods and creating artificial scarcity are resorted to by several of them. Is there any single case of a co-operative society primary or wholesale, indulging in such practices?

It may be a necessary evil for the State to have to look also to the traders for procurement and distribution in view of the paucity of societies with resources or of their comparative inefficiency or delay, arising partly from rules and regulations. But to invite merchants to join the movement which will enable them to take part in their administration is too much.

As a matter of fact some co-operative institutions, while they keep their membership open to all, shut out either by their by-laws or in practice persons who compete in the same line of work—moneylenders or traders. Still the latter manage to get secret information about transactions from the blacksheep among the staff or even members of management. We do not see why any handle should be given for competitors to come in and have a share in the management of our institutions. Superior capacity required for business is often overrated, so far as most transactions are concerned. It is often required for shady transactions and speculative ventures, which co-operatives should avoid. The ability required for decent business is not beyond the wit of men of education with experience of the world, who are found commonly in our managing bodies.

It is strange that in a vital matter there should be such an attitude of compromise in Madras while in other States and in the Centre a more severe attitude is taken up towards private trade in comparison with the co-operatives.

* * *

We have received the reports of the Co-operative Seminar held in Mysore, the Provincial Conferences held in Bihar and Coorg and the Silver Jubilee celebration of the Mysore Provincial Co-operative Institute. We regret that, for want of space, we are unable to publish them in this issue of our *Review*, which already contains the reports of a number of Conferences held earlier. We hope to publish them in the next issue of the *Review*.

I.L.O. AND THE CO-OPERATIVE MOVEMENT

BY

G. N. LAMMING,

Chief of the Co-operation and Handicrafts Service, I.L.O., Geneva.

The place reserved for co-operation on the agendas of the two Asian Regional Conferences hitherto held by the International Labour Organisation[1] serves to indicate how the I.L.O. is maintaining the interest in co-operative activity which it has shown from its early days. The missions of contact, information and advice which I.L.O. experts in co-operation have been charged to undertake in various countries, especially in Asia, also demonstrate that the I.L.O.'s interest is of a practical kind. The missions performed by Mr. Colombain, Mr. Jain and myself in Asian countries have thus had a double purpose, *viz.*, to impart information on methods used in other regions which have a bearing on co-operative problems in Asia, and also to learn about methods applied in Asia which might be of practical application elsewhere. The organisation of co operative federations and unions, the financing of co-operative housing, the marketing of cottage industry products, the planning of education schemes, and above all the training of co-operative workers are a few of the problems on which questions were posed to me in Ceylon, India and Pakistan recently. Obviously the development of new forms of co-operation, and the application of co-operative methods to new problems call for more knowledge of the structure and functioning of non-credit types of societies, as well as of administrative and management methods in such societies, and it is one of the tasks of the I.L.O. to help its member States in obtaining data and advice on such matters.

In effect, the I.L.O. has been engaged in such work for three decades. A service was set up in the International Labour Office in March 1920 to centralise information on co-operation, while the International Labour Conference, at its third session (October, 1921), adopted a resolution requesting the Office "to give careful consideration to the study of different aspects of co-operation which are connected with the improvement of the economic and social conditions of the workers", and for that purpose "to keep in touch with co-operative organisations and all those experienced in different forms of co-operation." With a view to establishing still closer working collaboration with the co-operative movement,

[1]See *Indian Co-operative Review*, Vol. XVI No. 1, Jan.-March, 1950.

the I.L.O.'s Governing Body decided in 1946, on the recommendation of the Conference Delegation on Constitutional Questions, to set up an Advisory Committee on Co-operation.

As the co-operative movement assumes a great variety of forms while maintaining a basic unity of principles and aims, the I.L.O. has naturally devoted attention to all types of co-operative organisation, including those for consumers, housing, workers' production, labour contracting, thrift and loan, insurance, health and social welfare as well as rural supply, marketing, credit and production. In regard to some of these types, *e.g.* agricultural co-operatives, there are possibilities of technical collaboration—already being explored and implemented—with other specialised agencies in whose programmes co-operation has come to occupy a place, and to which the experience of the I.L.O. on the subject may be of value.

The I.L.O. likewise interests itself in all aspects of the co-operative movement—its extension and variety of forms in different countries and various occupational groups; legislation, promotion, education, statistics; structure, administration and operation of different types of co-operatives; employment conditions, worker-management collaboration; relations with other social movements and with the State; inter-co-operative relations, etc.

The object of this collection and compilation of co-operative data is essentially practical. One of the principal continuous tasks of the I.L.O. in the field of co-operation to-day is to satisfy the demands for advice and information which it receives, particularly from Government institutions concerned with co-operation, as well as from co-operative organisations themselves. This service, which is performed by correspondence, personal consultation, or the publication of studies and reports when the problems are of sufficiently general interest, cover a wide variety of subjects such as the application of co-operative methods in the solution of specific economic and social questions (*e.g.* high living costs; supply, production, marketing and distribution arrangements; housing; health, re-settlement; labour welfare; manpower organisation; indebtedness of industrial workers or primary producers, etc.); the drafting of co-operative legislation and regulations; the setting up, running and supervision of different types of co-operatives, the organisation of central or federal co-operative bodies; the planning of educational schemes and the training of office-bearers and employees, etc.

In certain cases (as already mentioned) the I L O. supplements this work by despatching officials on mission to investigate and advise upon co-operative questions in the field. Such missions have been sent to Burma, Ceylon, India, Iran, Morocco, Pakistan, Thailand and Turkey. Official representatives of Governmental institutions or co operative bodies in various countries also visit the Office to discuss their problems with the I.L.O. experts.

This advisory work is assuming greater importance as Governments in various countries consider the role which the co-operative movement might play in their plans for economic and social progress. Among countries seeking a satisfactory adjustment between new and traditional organisation of economic life, there is a broad concensus of opinion as to the desirability of utilising co-operative methods in the solution of a range of development problems. This has been emphasised, *inter alia*, by the I.L.O. Asian Regional Conferences (New Delhi 1947 and Ceylon 1950), and the I.L.O. Near and Middle East Meeting (Istanbul 1947), which also referred to the desirability of the Office arranging for more technical advice to countries concerned with the planning of co-operative development.

The net-work of contacts built up by the I.L.O. enables the Office to consult the agencies and organisations directly and rapidly, and to obtain information as to the structure and working of their institutions from the most reliable sources. The Office maintains relations with the Government authorities which assist or supervise the movement in the various member States and non-metropolitan territories, and it is in touch with several hundred central or representative co-operative organisations of every kind in almost one hundred countries or territories with a separate administration. On the international plane the I.L.O. maintains cordial relations with other interested specialised agencies such as F.A.O. and U.N.E.S.C.O. as well as with organisations such as the International Co-operative Alliance, the International Federation of Agricultural Producers, the Horace Plunkett Foundation and other bodies directly or indirectly concerned with international aspects of co-operative problems.

The facilities of the I. L. O. for expert consultation on co-operative matters are further reinforced by its Advisory Committee on Co-operation, to which reference has already been made. Its origin may be traced back to 1931 when—largely on the initiative of Albert Thomas, the first Director of the I.L.O. —an International Committee for Inter-Co-operative Relations was formed. Consisting of representatives of the International Co-operative Alliance and the I.L.O. Confederation of Agriculture, with the Co-operation Service of the I.L.O. as its Secretariat, this Committee functioned until 1939 under the chairmanship of successive Directors of the I. L. O. A suggestion for the establishment of a consultative committee with more formal status was put forward at the 26th Session of the International Labour Conference (Philadelphia, 1944), endorsed by the Conference Delegation on Constitutional Questions in 1946, and implemented the same year by the Governing Body at its 98th Session. The Advisory Committee on Co-operation, thus created, had (a) to bring the points of view, experience and advice of co-operative organisations to bear on the consideration of problems with which the I.L.O. is concerned, and (b) to study purely co-operative questions (legislation, statistics, education, inter-co-operative relations, etc.).

The Committee has so far dealt with the following subjects and formulated concrete suggestions both as to work which the I.L.O. might undertake thereon and as to the collaboration which co-operative organisations themselves might afford : Co-operation and I.L.O.; Action for Economic and Social Progress particularly in Less-Developed Countries; Co-operation and Social Security; Recruitment and Training of Co-operative Employees and Inter-Co-operative Relations.

Thirty years' experience has clearly demonstrated the value of the Co-operative Movement and the I.L.O. to each other. On the one hand, co-operation is playing such an important part in the economic activity of the world that there hardly exists any labour problem which does not interest it more or less directly, while the social and educational nature of its practical work qualifies it to speak with some authority on questions concerning the well-being of the workers. On the other hand, the I. L. O. as an inter-governmental organisation, is in close touch with the economic and social problems of its affiliated States and, thanks to the knowledge and experience it has acquired over the years, can provide advice and information susceptible of facilitating the efforts of member countries in developing co-operation as an instrument for raising the standard of their peoples. The emergence of new States in recent years and the movement for accelerating economic and social progress in less-developed countries underline the continued usefulness of these relations.

ROLE OF CO-OPERATION IN FOOD SUPPLY

By

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The objective of the Food Self-sufficiency plan of the Government of India is to stop the import of foodgrains by the end of 1951 and it is based on the assumption that the current deficit is roughly 10 per cent of the present production in the country. In other words it is calculated to yield an additional 4.4 million tons of foodgrains by March, 1951. Out of this quantity all except three lakh tons, which will be produced through extensive cultivation by mechanized means, is expected to be raised through a programme of intensive cultivation of land already under the plough. For this two broad types of improvements in technology have been visualised *viz.*, permanent and recurring. The former consists of (1) minor irrigation works, and (2) land improvement works. Recurring improvements relate to: (1) production and distribution of improved seeds, (2) application of chemical fertilizers and green manuring, (3) composting of farmyard manure and town refuse and its application to the soil, and (4) plant protection.

Certain broad conclusions emerge from a study of this plan. Firstly, agricultural production in the country can immediately be increased without a relative increase in the area under cultivation. This plan envisages reclamation of only 8.9 lakh acres of land out of an estimated 88 million acres of cultivable waste land, as against 275 million acres already under the plough. Secondly, increase in production depends on the employment of better farming methods *i.e.*, an improvement in technology. Thirdly, improved technology implies a re-arrangement of the country's resources amounting to an increased investment of capital in agriculture or its more effective application. Capital resources in agriculture may be increased directly by farm operators' own efforts to create these *e.g.*, by digging wells and tanks, composting of farmyard manure, green manuring, land improvement works etc.

At the base of all these is the fundamental question: What changes, if any, in the structural organisation of small-scale farming in the country are necessary to admit improvements in technology and economy to permit capital growth necessary for the operaion, and to establish the optimum balance among the various factors of production? A broad study of the problem suggests the following conclusions:—

(a) Technological progress is associated with a reduction in per unit costs of produce raised, which may be achieved in both intensive and extensive farming. It tends to make sub-marginal dose of labour and capital and/or the land below the-margin worth utilization. Mechanization is one of its chief forms, although it is not necessarily confined to it. Better farming practices, irrigation, manuring, land improvement works, major and minor, plant protection etc., may be adopted even without mechanization. The U. P. Zamindari Abolition Committee examined the proposition that within certain limits the cost of cultivation varies inversely with the size of holding. On large holdings the cost of cultivation is low and the net produce per acre is, therefore, usually higher. This applies as a general rule to both peasant and large-scale farms, the cost being lowest on an optimum size of the latter type. The Committee had no scientific data to arrive at any definite conclusion, although it recorded that the cost of cultivation could be greatly reduced if agriculture was carried on an optimum size of holding[1]. Several recent surveys in Agra University conclusively indicate that costs tend to fall as the size of holding increases. In Meerut, for instance, it has been found that while on holdings below 2 acres the cost of production of wheat amounted to Rs 23 53 per maund, it was only Rs. 11.62 per maund on an average on holdings above 25 acres[2]. It is not necessary for the purpose of this paper to determine the size of the optimum holding. But it can hardly be denied that it will be very much higher than 25 acres. Of the total area under cultivation in U.P. 66 per cent is distributed in holdings of less than 10 acres and 94 per cent of the cultivators depend on it.

Under such small-scale farming the optimum size can and should be reached through co-operative effort alone. Any other method will imply a revolutionary change in the socio-economic fabric of the village community. There can be little technological progress or improvement in farming without a step in the direction of optimum size, which is not practical if co-operative organisation is laughed out of court.

(b) Mechanization is one of the most outstanding features of modern technology. Its wholesale adoption may not be practical

[1]Report p. 471.

[2]An unpublished survey by Shri Chandra Prakash Shastri.

in the near future; and the sceptic may continue to doubt its merit even as a long term objective. Even then, machine operation may soon have to be adopted for certain processes in agricultural industry. Cost of cultivation with 12 H. P. tractors has been estimated at Rs. 2 per *bigha*, as against Rs. 4 to Rs. 5 per *bigha* with manual labour and bullock power[3]. Power pumping has already established its supremacy and the U. P. has nearly 2,000 tube wells owned by the State alone. Further construction is going on rapidly, though limited by supply of electricity. Experiments for drawing water by wind mills have also been undertaken. The State Tractor Organisation has already a fleet of 471 tractors, operating in particular for land reclamation and follow-up. During the current year it is proposed to break 36,000 acres of *banjar* land, plough 67,000 acres of cultivated land and complete harrowing operation on 2,50,000 acres through tractors.

Co-operation offers the only way by which small farmers can take advantage of the new technique and incidentally the only escape from Collectivisation and large-scale private farms. In many cases in Europe the small farmer has been able to modernise his methods through co-operative organisation, as it has been found that it is not economical to own a tractor for a farm of less than 50 acres. Of particular significance is the success achieved in France, where before the second world war the number of tractors was very small as farms were of small size and often divided into many tiny plots lying at a distance from each other. After liberation there has been rapid mechanization to increase production and the means has been co-operative. Enid M. Owen[4] in his case studies gives a typical case of the society at Lumbin with 40 members with an average of 6 acres of arable land each. The co-operative contracting machinery service does not affect the peasant character of farming. A society like that at Lumbin can well be established in any part of Uttar Pradesh for providing machinery service, first for irrigation and later on for other operations. Cane-crushing and certain other operations in West U. P. are already undertaken on a quasi-co-operative basis. Development of a co-operative machine service will mark a step in evolution.

(c) Capital formation has of late been taking place almost at below-the-replacement level. Every effort has, therefore, to

[3]*The Indian Journal of Agricultural Economics.* Vol. IV. No. 1, p. 13a. One acre is equal to $1\frac{3}{5}$ bighas.

[4]*The Yearbook of Agricultural Co-operation,* 1949; p. 38.

be made to enhance its rate for improvement in production. A high rate of investment out of given income is obtained by a reduced rate of consumption. Under conditions of full employment there is no easy alternative, except foreign assistance, to a lowering in the standard of living for increased savings and investments. In an under-developed economy, however, idle resources may be utilized for larger investments without recourse to curtailment of consumption. To a certain extent this is the only practical method, as due to the low income per head the rate of capital accumulation is checked and there is not a sufficient volume of savings to stimulate development. There are considerable idle resources in agriculture at present in the country. Both workers and cattle are under-employed to a considerable extent and the surplus labour, provided a proper organisation exists, can be utilized to supply directly many of the producers' goods that the farmers need to augment their production. Irrigation sources, for instance, are sadly lacking. An improvement in this direction alone may add 20 to 50 per cent to the supply of agricultural produce. Not more than one-third of the net cultivated area in Uttar Pradesh is under irrigation. Well-sinking is still the most feasible and satisfactory method of increasing the irrigated area with the help of resources available within the country, in many cases almost locally. And yet, the area irrigated by wells has been more or less stationary throughout the present century. In Upper Doab, which has witnessed phenomenal agricultural development, the total number of masonry and non-masonry wells has considerably declined. Many of the wells are seldom fully utilized.[5] Individual farmers have not enough resources in labour and capital to sink a well and even when they have, their holdings are either too small or too fragmented to make it worth-while to do so. Hence, resources remain unutilized. Crops are grown without irrigation; while water lies near at hand awaiting lifting. Naturlly the yield is poor. Co-operative well sinking societies can do the job with little outside surplus labour and mobilize the resources of their members. There are scores of other ways by which co operation, where no other drive will succeed, may assist in the formation of new capital *e.g.*, in the shape of minor tanks, dams, anti-erosion works, channels, roads, etc.

(*d*) Incentives to production in a market economy are provided by direct accretions to personal incomes. According to

[5] Author's *The Land of the Two Rivers* p. 35.

our estimate, in the immediate pre-war period there were some 23 million recipients of agricultural income in U. P. and the dividend amounted to Rs. 93 29 crores only, giving indeed a very low income per capita. Further this was most unevenly and inequitably distributed—5 per cent belonging to 29 Zamindars, who paid more than rupees one lakh as land revenue, 30 per cent to 30,000 zamindars whose revenue was more than Rs. 250, 20 per cent to the smaller zamindars numbering 1.99 million, while 16.5 million tenants and sub-tenants, who constituted 68.6 per cent of the total earners, got only 45 per cent. But the worst was the position of agricultural labourers, comprising one-fifth of the total rural population, who had to subsist on 5 per cent of the total agricultural income. Such glaring inequity in distribution of income, apart from the fact that it leaves little resources with the actual tillers of the soil to adopt any improvements in farming practices, saps all incentive to work. Since then there has been some improvement due to the rise of prices. Agrarian reforms, particularly the abolition of zamindari rights, will prove another corrective force. But there will not be any fundamental change and production may continue to lag far behind its potentiality, if the tiller lacks the proper incentives. Neglect of the man behind the plough will defeat all efforts of the Government to increase production.

Co-operation provides direct incentives to the worker in the field by increasing personal income through better farming and new technology, which it embodies, and also, through curtailment of leakages out of total income caused by the long chain of middlemen in the process of marketing. With whatever purpose co-operation may start, its objects can never be fully realized without comprehensiveness in its scope and multiplicity in its activities.

Co-operative farming so far has not made any progress in the country. Of the 45,000 acres under it nearly 40 per cent lie in Uttar Pradesh, mostly in the Ganga Khadir. A bold experiment in colonisation has provided the opportunity for its adoption and extension here under as favourable technical conditions on production side as on the *Kolkhoze*. Yet individual ownership rights, individual cultivation and employment of outside labour have had to be conceded to members of the newly organised co-operatives for the success of colonisation. The new system tends to be reduced to the old one.

Land settlement co-operative societies originated in colonization schemes for re-settlement of refugees from Western Pakistan in the Ganga Khadir in Meerut district and Tarai area in Naini Tal district, where reclamation of land and re-settlement of ex-servicemen was originally envisaged. There are 27 societies operating at present and it is expected that their number will be doubled by the end of the year. Each society operates over an area of 1,000 to 1,500 acres of newly reclaimed land, divided into uniform plots of 10 to 15 acres, allotted as individual holdings to some 100 families of settlers, who are provided with residential houses constructed on a uniform design. There is joint-farming on co-operative basis; and implements, both power driven and others, are held in common. A sum of Rs. 11,31,000 was advanced by the Government up to the close of the year 1949 to the 17 societies in Ganga Khadir with a total membership of 1,246. Similar assistance to the nine societies in Tarai area amounted to Rs. 3.6 lakhs. Land was already reclaimed by the Government, which also provided the societies with implements and bullocks etc. Unlike the village societies, membership is compulsory for the settlers in these schemes; and every one has to pool in his private owned means of production for joint operations. The yield in Ganga Khadir is stated to be 30 maunds of paddy per acre, as compared with the average of 10 maunds per acre for the State. In spite of all this settlers are not enthusiastic about their co-operatives and they look upon these as temporary expedients. Disinclination to work on the farm is common and members ever insist on concessions, leading to individualistic cultivation. Such results are in sharp contrast to the progress of joint-farming in Eastern Europe, particularly in Bulgaria, Hungary and Yugoslavia during the same period.

Experiments on land already under cultivation have evoked no better response. These are being carried out in Jhansi district, at Nainwara and Darauna by extension of the activities of multipurpose societies already working in these villages. The entire tractor operated land was pooled in for joint cultivation by all the families resident here, bringing 489.19 acres of land in Nainwara and 412.03 acres in Darauna. Management is vested in *Panchayats*, which lay down the crop plan for each village, assign tasks to individual members, fix wages for work etc. Farming, harvesting and marketing of crops are carried on jointly. Funds for meeting the working expenses were obtained from other co-operative institutions. Net profits, after meeting all expenses inclusive

of charges for tractor operation, rent, and wages to members, amounted to Rs. 30 and Rs. 22.8 per acre in Nainwara and Darauna respectively. The average holding in the former case is 4 acres, as compared with 13 acres of the latter. Income per family last year was Rs. 263 (Rs. 173 as wages and Rs. 90 as land dividend) in Nainwara and Rs. 453 (Rs. 310 as wages and Rs. 143 as land dividend) in Darauna. It is stated to represent more than cent per cent increase over individual earnings before the formation of these societies. This improvement, however, cannot conceal the tragic reality that income per family is very low and farmers cultivating independently may ordinarily obtain even better returns. One of the chief obstacles has been the tendency among members to shirk work. Seven more societies for co-operative farming have been registered since the close of the year 1948-49; but recalcitrance of a minority stands in the way of further progress everywhere.

Co-operation has little chance of success in an unhampered market economy, whose character is different from it. We cannot have the two at one and the same time, except perhaps in an initial stage, when we get the worst of both. It has to be adopted for the community as a whole modifying the very character of a free-competitive system. The U. P. Zamindari Abolition and Land Reforms Bill provides for co-operative farms of 50 acres or more, constituted by voluntary agreement among ten or more cultivators and also for statutory establishment of a co-operative farming unit comprising all uneconomic holdings in a village, provided that a minimum of two thirds of their occupiers apply for it. Such provision does not go far enough and the purpose of land reforms may be defeated without statutory co-operatives. For instance, in Hungary even redistribution of land among agricultural workers did not produce by itself an agrarian reform. On the contrary it caused acute problems on account of scarcity of capital and difficulty of mobilizing individual resources. To meet this situation it was later on made obligatory on the part of all beneficiaries of the land reforms to be members of joint-farming societies, for whose assistance an agricultural machinery service was set up by the State. Progress in future in this country too will depend on adoption of similar measures.

CO-OPERATIVES AND GROW MORE FOOD CAMPAIGN IN MADHYA PRADESH

BY

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The Agriculture Department is in the charge of the "Grow More Food Campaign". Schemes regarding distribution of seeds and agricultural implements, grant of loans and subsidies for digging or repairing wells, construction or repair of tanks etc., are being executed by it. The Agriculture Department has been equipped with special staff for the purpose.

Co-operatives are playing a limited part in the Grow More Food Schemes. The distribution of chemical fertilizers and oil-cake as manure and cattle feed, is being done by the co operative agricultural associations. According to the old policy of the State Government, distribution of fertilizers and oil-cake for manuring purposes was to be done by the tahsil agricultural associations, wherever they existed; and in areas where there were no associations, it was done by Agricultural Assistants, Officers of the Agriculture Department. This policy has, however, undergone a change. According to the new policy, the distribution has to be done by the Deputy Commissioners through the agencies to be selected by them. About 60 tahsil co-operative agricultural or growers' associations are at present distributing fertilizers or ground-nut oil cake as manure to the needy cultivators, either directly or through village multipurpose co-operative societies operating at suitable centres, approved by the Deputy Commissioners. The fertilizers or groundnut oil-cake are owned by Government and the co-operative societies only act as their agents and carry out instructions issued by the officers of the Agriculture Department from time to time in respect of the quantities to be sold, in cash or kind, to each cultivator. The associations are allowed to recover incidental charges such as railway freight cartage, porterage, godown rent, cost of bags for replacement, when necessary, insurance premia, etc., from Government. They get a commission of 3 per cent for distribution of groundnut oil-cake and Rs. 10 per ton for distribution of fertilizers. During 1948-49, twenty thousand tons of groundnut oil-cake were distributed for manuring purposes through the agricultural associations and the staff of the Agriculture Department. In the current year (1949-50) 3,160 tons of Ammonium

Phosphate and 8,230 tons of Ammonium Sulphate are proposed to be distributed in the State, both through the agricultural associations and other agencies.

Co-operatives have not directly taken part in food production. Co operative farming societies are, to a small extent, helping to grow more food by intensive cultivation and by bringing new land under cultivation. Out of four such societies in the State, one is jointly cultivating land pooled by the members, by improved methods. The remaining three societies have been formed for persons displaced from Pakistan. Of these, one at Vihad in the Chanda district is trying a bold experiment in co-operative farming and community living. This is a scheme to resettle hundred families of displaced persons on forest land, which is to be cleared and brought under cultivation by them. Government have placed about 3,000 acres of forest land at the disposal of the society as a free gift. A rental to be fixed by the Government will have to be paid later. The fields will be irrigated by canals and will be rent-free for the first five years. The land will belong to every one in common. The Government have earmarked Rs. 5,000 as a rehabilitation loan for each family. Out of the loan of Rs 5 000 a sum of Rs. 1,450 is treated as an absolutely free grant for its maintenance till the time it begins to stand on its own legs. The balance of the loan will be recovered in 20 annual equated instalments at 3 per-cent rate of interest. Repayment will begin in the fourth year. So far, 200 acres of forest land have been cleared. This plan is to clear all the land and to make it available within three years. Of these 200 acres, about 50 acres have already been brought under cultivation. The other society at Laxmipura Kalan in the Raipur district has been recently started. About 150 acres of forest land is given to the society for being cleared and brought under cultivation. The land is being cleared for being brought under cultivation. It is necessary, however, to state here clearly that the work which these societies are doing is not part of any Grow More Food Scheme.

Two agricultural associations in the State have purchased tractors for being lent on hire so that more land can be ploughed and brought under cultivation quickly. It may be further pointed out that a co-operative society of sweepers has been very recently formed at Nagpur with the main object of manufacturing compost manure from town refuse and night-soil.

In order to help the agriculturists to grow more food, co-operatives are advancing loans more liberally. Some central banks have been permitted to make direct advances to agriculturists between Rs. 500 to Rs. 1,500 for raising crops on the security of landed property, recoverable in not more than 12 months. This system, however, benefits only a restricted number of agriculturists who require crop finance of Rs. 500 and more. With a view to make credit facilities available to a large number of agriculturists and as quickly as possible, six selected central banks in the State have been permitted, since 1947-48 as a temporary measure, to finance individual agriculturists directly for sums between Rs. 200 and Rs. 2,000 on the security of landed property for raising of crops. The total amount advanced under this scheme during 1948-49 is about Rs. 4.90 lakhs.

There are over 6,500 credit societies, of which more than 1,280 are crop loan societies. These societies advance short-term loans for seasonal agricultural operations and medium-term loans for purchase of bullocks and implements. They advanced a sum of Rs. 87 lakhs during the year 1948-49, as against Rs. 78 lakhs during the year 1947-48, and Rs. 56 lakhs in 1946-47. During the year 1949-50, in order to meet the demands of the agriculturists for seasonal agricultural operations more adequately, the C. P. and Berar Provincial Co-operative Bank approached the Reserve Bank of India for a loan. The Reserve Bank granted a loan of Rs. 35.35 lakhs at the concessional rate of 1½ per cent on the State Government's guarantee.

Though the State of Madhya Pradesh is surplus in respect of food production, it is engaged in growing more food so as to be able to meet the demands of the dificit areas. It has already been stated that the Grow More Food Campaign is being carried on through the Agriculture Department. Co-operatives have been entrusted, as part of this scheme, with the distribution of artificial fertilizers and groundnut oil-cake on commission basis. There was a proposal to entrust co-operatives with the distribution of seeds, implements and machinery on behalf of the Government; but this has not been possible mainly due to lack of adequate funds with the co-operatives.

ROLE OF BIHAR CO-OPERATIVES IN GROW MORE FOOD CAMPAIGN

BY

RAI SAHIB A. B. N. SINHA.

A strong peasantry constitutes the bulwark of agricultural development of a country: not the emaciated and diseased, the pot-bellied and shrunken individual generally residing in the insanitary and uncared for villages, but the stout and stalwart type that standing behind the plough can add to the produce of the land. It is not contended that Indian labourer is less hardy or less efficient than his compeer elsewhere,but the conditions under which he lives and thrives are far less favourable, and at places he is found to be possessed of enlarged liver and elongated spleen that render sustained work difficult. The development of agriculture being so dependent on manual labour, the first essential is to create a healthy and robust labour, capable of prolonged work. That necessarily implies a sanitary rural area, free from epidemics and with provision for good drinking water.

But labour alone is not of much avail in the Grow More Food Campaign. Proper irrigation facilities, use of modern implements, supply of germinable seeds and of proper manures, due marketing facilities: these are the requisities for agricultural improvements. The small size of the average holding in Bihar—smaller even than elsewhere in the Indian Union—is a great handicap. It is in these directions that individual efforts deserve to be supplemented by those of the State. As to what shape the aid by the State should take is naturally a question of policy that has to be decided with reference to local conditions and requirements. Nor can the medium everywhere be the same; but as George Russel has put it, co-operation is the keystone of an arch without which technical knowledge offered by the State and enterprise of the individual will not succeed in introducing a progressive rural economy.

England some years back adopted the Agricultural Goods and Services Scheme, under which the County Agricultural Committee advanced to the farmer seeds, fertilisers, implements and machinery as well as agricultural services of all kinds. The date of repayment was extended from one to three years according to the nature of the goods and services borrowed. In the United States of America they have the Extension Services, with a number of officers all over the area, who render every form of technical and pecuniary assistance to the cultivators, supply manure and seeds, provide against pests and arrange for disposal of the produce. The cultivator merely addresses himself to the cultivation and it is for the services people to give him all that he requires. In France the Caisse Nationale de Credit Agricole was established in 1920 to aid in acquisition, transformation and establishment of small rural holdings. This was a good move to make the people rural-minded and aid in agricultural development. In Belgium it is the Minister of Agriculture himself who looks after agricultural development. In Egypt the Credit Agricole d' Egypt advances (i) cash loans for cultivation purposes, (ii) loans in the form of seeds and manures, and (iii) loans against produce. In Switzerland it is the co-operative societies that handle the vast majority of trade in agricultural produce. The Soviet Union with its Collective Farming has been able to raise production to 300 per cent within a short time.

The problem of agriculture in Bihar State is slightly different from what it is elsewhere. Here the Mitakshara Law of Inheritance continues to parcel out the land under cultivation from generation to generation and what happened to be a five *bigha* plot owned by one man at one time may now have become twenty plots of five *Kathas* each under each of his twenty grandsons. Now very little agricultural improvement is possible in plots of five *Kathas* whereas much could have been done if the whole had remained a five *bigha* plot.

Considerable improvement has taken place in the last few years in the matter of provision of irrigation wells and canals. About five thousand wells have been dug by Government or with Government subsidy and about 8,000 minor irrigation projects have been completed. Bihar suffers not merely from dearth of water but also from floods. The Damodar Dam embankment will, when complete, free the province from the ravages of floods and from the effects of erratic rivers. The Damodar project will irrigate ten lakh acres of land fully, out of which only one lakh acres will be Bihar land. In Bengal there were 1,042 irrigation societies with a membership of 23,697. The 157 irrigation societies of U. P. sink wells and improve facilities for irrigation. In Bihar little seems to have been done to organise irrigation societies and the place vacated by the landlords in respect of Bhaoli cultivation, has got to be filled up. Instead of the State undertaking to maintain the minor irrigation channels, it would be well to entrust the work to co operative societies specially formed for the purpose.

It is claimed that as much as 3,28,702 acres of land have been reclaimed by the Bihar Government in pursuance of their Grow More Food Scheme. The cultivable waste land in 1948-49 was reduced from 36 lakhs of acres to 33 lakhs. In 1949-50 and up to a subsequent date 28,702 acres were further reclaimed: 23,038 by manual labour and 5,664 by tractors. Out of 58 tube wells dug for lift irrigation, only 19 could be utilised and 39 could not for dearth of electric plants and other devices. In the matter of reclamation, if large tracts could be given to co-operative societies for laying out model villages with ten acres of land for each householder, besides fields, parks, schools, picture houses, tube wells with lift irrigation and such other facilities, and if in this way a number of villages with fifty to one hundred houses could be constructed, wherein agriculture and cottage industries would be entirely on co-operative lines, Bihar would usher in a new era of development. That would be real reclamation.

I am afraid that so far as irrigation and reclamation activities of Government are concerned, the co-operatives have not played the part in this State that was expected of them. The rehabilitation provided by Government has left the rehabilitated banks and societies very little capital or impetus to go ahead with new schemes of development. The policy of go ahead formerly followed was succeeded by one of halt and later on by extreme caution which has transferred them into so many branches of the Provincial Bank with little to invoke local assistance. The result is that they are more or less moribund bodies. The department evidently does not care to develop the spirit of initiative in them and the Bihar Federation has neither the leisure from statistical and intensive development nor the funds to take up this kind of work. Co-operatively, therefore, Bihar seems to be going backward.

It is, however, with satisfaction that one records the contribution of the co-operative movement to the Grow More Food in Bihar in the shape of distribution of manures. This work, undertaken originally in 1944, has been responsible for distribution of 50,358 tons or roughly 13,59,666 maunds of chemical fertilizers and 17,08,780 maunds of oilcakes. These manures must have helped in fertilizing about 50 to 60 lakhs of acres of land—a no mean achievement. Of seeds, only 45,000 maunds have been distributed. These constitute a solid record, of which the Bihar Provincial Co-operative Bank, working through its agency, central banks and independent depots, has reasons to be proud.

Equally notable have been the achievements of sugarcane societies in the matter of cane production. By advancing setts, manures and implements mainly with the help of sugar factories, the yield went up by 100 per cent in ten years and the recovery of sugar in Bihar could compare very favourably with what it was elsewhere. What has been done for cane in Bihar can very easily be done for other crops and if similar facilities are provided by the State there is no doubt the co-operative societies will help in adding materially to the efforts now being made by the Grow More Food Department.

There are other directions in which Bihar co-operatives could have played, and may perhaps still play, a prominent part. In the matter of preservation of cow dung and compost for manurial purposes, Principal Hameed of the Training College has already made a beginning, but his efforts have to be repeated on a State-wide scale and in every district through co-operative societies. The supply of seeds could easily be taken up by central banks and societies, just as is the case with fertilizers. If necessary, special staff may have to be employed to help in timely distribution. Crop-planning is another subject that should be taken up by the co-operative societies. This is an important question as we have to produce not merely all the food crops we require, but all the sugar and cotton and jute that we stand in need of.

In short it is for the State to offer and fully pay for all the technical knowledge required, and to place the necessary finances at the disposal of the people, and it is for the people themselves to offer their enterprise and labour. In between and as liaison between the technical knowledge and the purse provided by the State and the labour offered by the individual must come the co-operative societies, requisitioned, where these exist and to be set up where they do not, in order that development may continue for all times. Co-operation is a provincial subject, but in order that one province may profit by the example of another and further that the progress all over the country may be co-ordinated it is necessary to have an office at New Delhi set up for the above purposes. States otherwise will continue to grope in the dark just as Bihar unfortunately is doing now.

THE ROLE OF CO-OPERATIVES IN AGRICULTURAL PRODUCTION IN MADRAS

BY

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One of the major problems now confronting the Madras State is the food shortage and the imperative need for an all-out drive for increased production. Even in the pre-war years, Madras was a slightly "deficit" State and used to supplement her internal production of food-grains with imports, mostly from Burma. Even though imports have been resumed, considerations of national economy make it desirable that foreign exchange should be conserved as far as possible for the import of capital goods and that expenditure on the import of food-stuffs is cut down to the bare minimum. The Government of India have decided to stop the import of food-grains from 1952 and the States in the Indian Union are working out their schemes of achieving self-sufficiency in food in the shortest possible time. It seems both perplexing and paradoxical that a predominantly agricultural country like ours should be faced with food shortage and should be an importer of food-grains. The estimated deficit is about 10 per cent of the annual consumption. It should be possible for the country to achieve the objective of self-sufficiency by intensifying production and by eliminating waste in all forms.

Co-operatives generally play an important role in the sphere of agricultural production in our State though many hardly realise that role. Indeed, it is not at all surprising that the potentialities of a popular and democratic movement as co-operation, having its roots in the villages, should have been harnessed for the furtherance of the national policy of augmenting food production. Co-operatives have the inherent capacity for adapting themselves to the need of the hour, as was manifested during the years of the war. A large net-work of about 13,700 agricultural credit societies, serving 52 per cent of the villages, grant loans for cultivation expenses. There are 120 land mortgage banks ready to discharge prior debts or redeem mortgages and thus make an indirect contribution towards increased agricultural production. It is in addition to these that we have co-operatives that make a direct contribution to production by distributing seed, manure and implements, and helping to bring more land under the plough and by providing additional irrigation facilities.

I. INDIRECT CONTRIBUTION OF THE CO-OPERATIVES TOWARDS FOOD PRODUCTION

The general public do not adequately appreciate the role which village credit co-operatives play in agricultural production. It is true that they are money-lending institutions, but 95 per cent of what they lend out is *productive credit*. For instance, during the co-operative year ended 30th June 1949 agricultural societies gave loans to their members amounting to about Rs. 5 crores. Of this, loans amounting to Rs. 330 lakhs were issued for cultivation expenses, Rs. 98 lakhs for purchase of cattle and Rs. 33 lakhs for improvement of lands,—in all Rs. 461 lakhs. There is no doubt that the whole of this amount went into agricultural production. Remember that these loans carry interest at rates usually varying from 5 to 6¼ per cent per annum. Last year land mortgage banks issued loans to the extent of Rs. 66 lakhs for the discharge of prior debts and helped their agriculturist members to convert heavy interest-bearing loans into long-term loans carrying a cheaper rate of interest (5¼ per cent). In the pre-war years when there were no produce or food-grains controls, co-operative marketing and sale societies assisted the ryot in holding up his produce immediately after harvest (when generally there is a slump in prices) and in getting better prices for his produce later, and prevented him from disposing of it at the threshing floor to his creditor at pre-arranged prices, usually unfavourable to him. Even in the year 1948-49, the 238 sale or marketing societies made loans or advances to their agriculturist members for over Rs. 144 lakhs and sold their produce as agents to an extent of Rs. 133 lakhs and as owners to an extent of Rs. 127 lakhs.

It is usually the case that a comparatively large share of the results of the labours of the small or the middle-class farmer goes annually towards the payment of interest charges alone, leaving the principal almost undiminished and so the burden of debt unreduced for years. Such a state of affairs exercises a demoralising effect on the agricultural producer, undermines his incentive for increased agricultural production and shatters his joy in his job. A feeling of creeping economic paralysis overtakes him. The conversion of heavy interest-bearing debts into cheap, easily repayable co-operative loans offers him the much needed incentive for greater production. It gives him a sense of economic security

as he is assured of the *full* benefits of the results of his greater labours. The psychological effect of the consciousness of this benefit on the outlook of the ryot can hardly be exaggerated.

The operations of agricultural co-operative societies such as rural credit societies, land mortgage banks and marketing societies make an indirect, but nevertheless an important, contribution to agricultural production even in normal times. These advantages are more pronounced in times of stress like the present, when the country is in need of every ounce of food grain that can be produced. Money has become tight in the countryside and it is only the village credit co-operative that makes loans to the ryot at as low rates as 5 to 6¼ per cent. It cannot be denied that the co-operative lending rates in the Madras State are the lowest in the Indian Union. Apart from this direct service, the influence it exerts upon the private money-lender in keeping down his lending rates is difficult to measure. It is equally difficult to estimate in terms of money value the indirect contribution which these co-operatives make, by stimulating initiative among the farmers towards increased production. The number of village co-operatives has been, in pursuance of the Government's Two-year Expansion Plan, on the increase and they now cover 52 per cent of the villages in our State. With the completion of this programme the village co-operatives—indirectly assisted, it may be, by the money-lenders' legislation (which will soon be placed on the statute book)—will surely make a greater contribution. There are indications that institutional credit will rapidly spread in the coming years. There is no need to sterilise private money-lenders' credit, as some reformers seem to suggest. The money-lender has still a place in the rural economy of the country, and will continue to have a place until he is replaced by or merges himself in a sound system of institutional credit.

II. DIRECT CONTRIBUTION BY CO-OPERATIVES TOWARDS FOOD PRODUCTION

(i) Distribution of Seeds, Manures and Implements:—One of the effective ways in which co-operatives are directly helping increased agricultural production is by the distribution of improved varieties of seed, manures and agricultural implements. In an ancient country like ours, where agriculture has been practised for centuries, the scope for bringing fresh land under cultivation may be rather limited. One major line of action seems to be to promote "intensive cultivation" and to make two blades of corn grow where formerly only one grew. This can be done by the use of choice seeds, proper manures and improved implements. Unless there is an effective link between the agricultural research stations and the agriculturist, whereby the latter is kept informed of the results of the former and is induced to adopt those improvements, better yield from agriculture cannot be secured. To keep a large body of farmers informed of improved methods, practices and techniques there should be an organization commanding the confidence of the agriculturist. Co-operative organizations are pre-eminently qualified to discharge this function and should be used as the media for disseminating information about improved varieties of seeds, fertilizers or new processes. Agricultural improvement societies and agricultural demonstration societies are primarily intended for this purpose. On 30th June last there were 56 agricultural improvement societies and 7 agricultural demonstration societies. The Lalgudi Sivagnanam Agricultural Demonstration Society in the Tiruchirapalli district, for instance, owns 22 acres of dry and wet lands which are used as demonstration plots for improved varieties of paddy, sugar-cane, plantain etc. Recently it was assigned another block of 250 acres for conducting demonstration on garden and dry land. Last year this society distributed Rs. 5,000 worth of improved seeds, Rs. 7,86,000 worth of manures and Rs. 400 worth of agricultural implements. Even before the general transfer of chemical fertilizers from the Agriculture Department to co-operative societies as a matter of policy, Government were pleased to entrust to this society the work of distributing chemical manures as an experiment. Last year the twenty-three District Co-operative Wholesales, and marketing federations in the Tanjore and West Godavari districts procured 51,400 tons of groundnut-cake from the Agriculture Department and the mills and distributed them to the farmers through 300 primary co-operative organizations such as stores societies, sale societies, agricultural improvements societies and rural credit societies in addition to 120 retail depots of the wholesale stores. Recently Government have transferred the distribution of chemical manures from the Agriculture Department to co-operative societies, and the co-operatives have so far took over 33,000 tons of ammonium sulphate and super phosphate. It is expected that about 50,000 tons of chemical manures will be distributed through the co-operatives during the current agricultural season in pursuance of intensive food production drive undertaken by Government. The stocks for each district will be received by the co-operative wholesale stores and distributed through co-operative sale societies, agricultural improvements societies and as many multipurpose

societies as possible. The distribution of agricultural implements was transferred from the Agriculture Department to the co-operatives in December 1948 and implements to the value of Rs. 89,000 were purchased by them from that Department and private fabricators upto 30th June 1949. Government have just transferred to the co-operatives the distribution of the agricultural quota of iron and steel, *viz*., cart-tyres, axles, galvanised iron sheets, etc., and it is hoped that agriculturists *will* be benefited by this transfer. Sale societies distributed improved varieties of seeds to the value of about one lakh of rupees last year.

There is no greater field in which the services of co-operatives are urgently needed or will be highly appreciated than that of increased food production. Every one, man and woman, should take it as his or her national *Dharma* to make his or her contribution towards this endeavour. Co-operatives can and should make their own contribution and it is a matter for satisfaction that the co-operatives are determined to do their mite in this great national effort to attain self-sufficiency in food production.*

(ii) Contribution by Field Labourers' Co-operative Societies :— An important contribution towards agricultural production is made by what we call "Field Labourers' Co-operative Societies."

*It would be pertinent and interesting to note how the Co-operative Purchasing Associations in the United States of America help their farmer-members in the matter of supply of agricultural requisites. The writer of this paper, while he was in the United States of America recently, had occasion to visit some of them. There are over 2,750 such co-operatives in the United States of America with a membership of 1,610,000. The volume of their business in 1944-45 exceeded 810 million dollars. They generally deal in seed, feed and fertilizer. Many have extended their trade into other fields—petroleum products, insecticides, paints, tyres, milking machines, farm machinery, etc. The local associations have formed themselves into wholesale organizations. The Southern States Co-operative in Richmond and the Co-operative Grange League Federation in Ithaca are two of the biggest regional wholesales. The writer had the privilege of meeting one of the original founders of the Southern States Co-operative and of listening to his very moving tale of its early struggles, the temptations placed in his way by private firms dealing in farm supplies and the tenacity and devotion with which he and his colleagues nursed the institution and brought it to its present position. It serves a large number of local purchasing associations and distributing units and owns three feed mills, three fertilizer mixing plants and two seed cleaning and processing plants and one poultry dressing plant in addition to the interest it has in some more concerns.

The Co-operative Grange League Federation Exchange, Ithaca, with a lakh of members and 646 service agencies,—co-operative and non-co-operative—61 petroleum plants and 45 farm stores, transacted an annual business of about $ 135,000,000 last year ; cash patronage refunds amounted to about $ 3.5 million.

These societies consist mostly of landless Harijans and other backward communities. They take on lease from Government cultivable waste lands, *lankas*, *padugai* lands etc., parcel out the lands and sub-lease them to their members for cultivation. Their main object is to provide employment to their members, who are agricultural labourers or men with agricultural bias and to bring more lands under cultivation. There are about 525 societies of this type. Last year 268 societies obtained the lease of 30,700 acres of cultivable waste lands from Government for an annual rental of Rs. 5.11 lakhs, and sub-leased them to over 17,000 members who raised food crops on 23,430 acres and commercial crops on the rest. This is no mean contribution.

(iii) **Contribution by Land Colonisation Co-operative Societies:** Greater in importance than field labourers' societies, from the point of view of agricultural production, are the co-operative land colonisation societies that are a special feature of the Madras State. They are a kind of tenant farming societies as distinguished from "collective farming" or "joint-farming" societies. It is considered that if immediate and satisfactory results by way of increased food production are to be aimed at, it would be better to proceed with this type of society, which has proved popular, instead of trying experiments in collective or joint-farming the results of which may be uncertain or slow. The land colonisation societies are intended for the landless poor, the Harijans, the ex-toddy-tappers thrown out of employment and the ex-servicemen with an agricultural bias. They are designed not only to improve the economic condition of these classes of people but also to increase food production by reclaiming waste lands and bringing them under the plough. Lands in compact blocks of 50-100 acres or more are held by these societies on the ryotwari tenure and the individual member has a perpetual occupancay right in his holding so long as he cultivates it and keeps his obligations to the society. The member's holding is impartible and will, on his death, pass on undivided along with his interest in the society to his eldest male heir; failing such heir, it will revert to the society. In case the society violates any of the terms of assignment or the scheme proves a failure, the Government have the right to resume the lands without compensation, only repaying the central bank the sum due from that society, subject to the limit of the sale value of the resumed lands.

A number of concessions are shown by Government to the land colonisation co-operative societies formed for the benefit of civilians. They make a contribution of Rs. 10 per member to the

society as a free gift to be used as his share capital. For the first year a free grant of Rs. 5 per acre is made for manure and Rs. 2 per acre for seeds. One half of the cost of a pair of bulls is given as free grant to a member and the other half as an interest-free loan repayable in 5 years, the maximum amount of grant and loan being Rs. 250. Interest-free advances are also given for the purchase of implements upto a maximum of Rs. 75 per member and half the cost of reclamation charges subject to a maximum of Rs. 25 per acre is given as an interest-free advance and recovered in 10 annual instalments. Services of Agricultural Demonstrators or *maistries* for technical guidance and help and the services of an Inspector of the Co-operative Department for day-to-day management are generally given free of cost to the societies.

Land colonisation co-operative societies for ex-servicemen are eligible for these grants on a more liberal scale from the Post-war Services Reconstruction Fund Committee of which His Excellency the Governor is the Chairman. Each colonist is given a free grant of Rs 250 and an interest-free loan of Rs. 200 repayable in 20 years towards his share capital in the society, a free grant of Rs. 125 and an interest-free loan of Rs. 125 for the purchase of a pair of bulls, a grant of Rs. 50 for implements, free grants of Rs. 2 per acre of dry land and Rs. 5 per acre of wet land for seeds and Rs. 10 per acre for manure in the first year. The State Government give the lands free of cost to the society and each colonist is allotted an economic holding of about 5 acres of wet or 10 acres of dry land. Land revenue is waived for a period of five years and water cess for two years provided one-fifth of the land is brought under cultivation progressively each year. Government also give free of cost the services of a Senior Inspector and a peon for each colony for its administration and agricultural staff for imparting to the colonists practical knowledge the new agriculture and in the handling of up-to-date agricultural implements.

Working of Land Colonisation Co-operative Societies for Civilians:—On the 30th June 1949, there were 26 land colonisation co-operative societies for civilians with a membership of 3,075 of whom 2,658 were active colonists. They had a share capital of Rs. 93,012, of which Rs. 28,400, was contributed by Government. Out of the total extent of 10,455 acres of lands assigned to these societies, the members reclaimed and brought under cultivation 8,403 acres. Of the 4,000 tons of produce raised by the colonists, on lands which but for the formation of these societies would have remained waste, as much as 3,800 tons were food-grains. Government subsidies to the extent of Rs. 67,251 were paid to the societies during 1948-49 for various purposes including sinking of wells and development of cottage industries. A special large-scale colonisation scheme comprising 33,800 acres in the Wynaad taluk of the Malabar district has begun to function and a co-operative colonisation society will soon be started. Part of the area is reserved for ex-servicemen, and the Post-war Services Reconstruction Fund Committee has been pleased to make a grant of Rs. 38 lakhs to meet the expenditure involved in settling ex-servicemen in the Wynaad.

Working of Land Colonisation Co-operative Societies for Ex-servicemen:—There are ten land colonisation co-operative societies exclusively for ex-servicemen with a membership of 1,185 and a share capital of Rs. 1,96,200. Out of the total extent of 11,000 acres assigned to these ten societies, 5,570 acres have been reclaimed and 4,400 acres brought under cultivation upto the end of June 1949. Fortyseven houses, 670 huts, 32 irrigation wells and 4 tanks were constructed in the several colonies. Reclamation of land with the help of tractors was made in Thirumangalakottai and Rudravaram colonies. Subsidiary occupations like vegetable-gardening, poultry farming, bee-keeping, weaving, etc. have been introduced in some colonies to provide additional source of income to the colonists. In due course these colonies, thanks to the liberal help of the Post-war Services Reconstruction Fund Committee, may prove to be flourishing centres of agricultural enterprise and play a role, however small, in the self-sufficiency programme of the State.

New Types of Tenant-farming Co-operative Societies:—A recent development in co-operative land colonisation is the securing of private lands on long-term lease for cultivation purposes. Hitherto land colonisation co-operative societies were assigned only Government lands. A beginning has now been made in colonising private lands. In Marudur village in Tiruchirapalli district, an extent of about 380 acres belonging to three land-owners has been leased to the society for 20 years. The society in its turn sub-leased the lands to its tenant-members for cultivation. About 120 acres are fit for cultivation and the remaining extent has to be levelled and rendered fit for cultivation. It is proposed to settle 35 families of landless poor in the colony and sub-lease 10 acres of land to each of them. The Government have given the society a loan of Rs. 80,000 to meet the capital expenses connected with the reclamation of land, provision of irrigation facilities etc. The society has been made eligible for all the concessions which land colonisation co-operative societies are usually given.

A similar society was started in Nelvoy in Chingleput district. The land-owners, about 10 in number, have leased 400 acres to the society for a period of 20 years; poor persons with a bias for agriculture are admitted as tennant-members and assigned about 4 acres each for cultivation. The society has also drawn up plans for irrigating 210 acres lying at a high level between the perennial Nelvoy *madugu* and the Palar river by installing pumping sets and baling water from the *madugu* on the one side, and the river on the other. The scheme is estimated to cost about Rs. 50,000 and the society has applied to Government for a free grant of Rs. 25,000 and a ten-year loan of Rs. 25,000.

The formation of societies of this type, where both the land-owners and the tenants are associated in a single organization, has given rise to the expectation that it may provide a solution to the age-long conflict between the land-owner and the tenant and pave the way for smoother and more cordial, co-operative relationship between the two, which is indispensable for effective agricultural production. The working of these societies is naturally watched with keen interest. If they are worked in that proper spirit, with good-will and understanding, there is no reason why they should not fulfil the hopes raised by them and replace the rather irritating land lord-and-tenant relationship by a rational, happy, co-operative partnership in a common enterprise.

Joint and collective farming societies have been suggested as being suitable organizations for increased food production. Collective farming was tried in two of the existing colonisation societies but the results were not encouraging. This type of farming calls for integrity, industry and a sense of responsibility on the part of the colonists apart from a certain degree of idealism inspiring such collective or joint effort. We have no dependable data to suggest that joint-farming will be a better proposition than individual farming. How far the members can pool and cultivate the land jointly, employ hired labour, whenever necessary, pay wages to the members or others at the prevailing market rates, meet cultivation expenses, repay borrowed capital with interest and still make a profit on the joint enterprises are matters which need investigation and experiment. Recently, however, a joint-farming society has been formed at Nuzvid in the Krishna district and the results of the experiment can be had after the working of the society for some time. Another scheme of co-operative joint-farming will soon be at work at Hallimoyar in the Nilgiris district. This will be an experiment carried out on an extent of 500 acres of forest land. Already 200 acres have been reclaimed and the results have been encouraging. But joint-farming is proposed to be confined to effective reclamation of land and the conserving of the income from the land to meet the cost of reclamation for a period of about five years. After all the lands have been reclaimed, it is possible that the society will carry on its work on the basis of individual tenant-farming. This society, when in full operation, is expected to make considerable contribution to the food production on the hills.

District Advisory Committees for Land Colonisation Schemes: Towards the close of 1949, the Government directed the formation of District Advisory Committees for purposes of formulating schemes for land colonisation wherever feasible, with a view to stimulate increased food production and to push them through expeditiously. The Collector of the district is the *ex-officio* Chairman of the Committee and the Special Development Officer, who is an officer of the Co-operative Department, is the *ex-officio* Secretary. In the preliminary stages of formulating land colonisation scheme, the active co-operation of several departments of Government, such as the Revenue, Agriculture, Forest, P. W. D. etc. is quite necessary. Experience has shown that not unoften considerable delay results in the finalisation of schemes, if correspondence is entered into with the departments concerned. The formation of District Advisory Committees is intended to cut down correspondence to the barest minimum and to speed up the formulation of schemes by personal discussion among the District Officers and the leading non-officials concerned. It is the hope of Government and of every one interested in increased food production that these committees will, with a sense of urgency which the present situation calls for, address themselves to the investigation and formulation of land colonisation schemes designed to bring compact blocks of Government waste lands under the plough, to step up production and to help the Grow More Food Campaign in a considerable measure. Already the committees have put up a number of schemes and they are in different stages of progress.

When the schemes materialise, a good extent of what is now waste land will be brought under the plough.*

(iv) Contribution by Land Reclamation Societies:—Land Reclamation Co-operative Societies in the Pattukottai taluk of the Tanjore district constitute a special type. They reclaimed 3,360 acres up to the end of June 1949 out of 4,802 acres marked for reclamation and cultivated them mostly with food crops. The scheme of reclamation of patta lands in the Tanjore district irrigated under the Cauvery-Mettur Project is worked through 21 rural credit societies. The funds required by them for reclamation work are advanced by Government as a long-term loan, while the advances for seasonal cultivation expenses are made by the district co-operative central bank as short-term loans. These societies are supervised by a

* When the scheme of co-operative colonisation was started a decade ago, the societies were asked to give a holding of about two acres to each of the landless labourers. Such a tiny holding has been found to be uneconomic. As it has not provided adequate means of living, the necessary incentive to exploit the land to the full has been found lacking. In societies that have recently been started, however, an economic holding is being given to each of the colonists so as to provide at least a major source of their living. What is an economic holding, however, depends upon many local factors, such as soil conditions, sources of irrigation, etc. Again, it has been found that the scale of financial assistance provided a decade ago is found inadequate with reference to the present level of prices. There is too a section of thought which considers that the settling of land-less people or Harijans or other poorer classes of people without resources of any kind may not facilitate the full exploitation of waste land and that this policy needs some revision, especially as the State cannot find necessary funds to provide for increased financial help. It is argued that the lower middle and middle class people with an agricultural bias and with some resources of their own may be brought into land colonisation so that they may invest their own resources to supplement whatever help is given by Government. It has also been suggested that in areas where there are no irrigation facilities, the Government themselves may undertake the provision of wells or tanks, and recover the cost or a major part of it, from the colonists over a period of years. Some hold that mere occupancy right alone may not make a strong appeal to the colonists and that an assurance of individual *patta* after at least a prescribed period will have to be given in order to provide the necessary incentive to the colonists.

A number of schemes are now being put up by the District Advisory Committees. The Special Development Officer is carrying out all the necessary investigation in consultation with the District officers of other Departments of Government. There is need for a separate Officer at the State headquarters for a full examination of the schemes. It is no good dealing with the proposals in a routine manner, or dilatory fashion. A Director of Co-operative Farming and Land Development can establish the much needed liaison between the Board of Revenue (food production) on the one side and the Co-operative, Agriculture and P. W. D. Departments on the other and carry out the schemes on an emergency basis. An Inter-Departmental Committee at the secretariat level with a Minister as Chairman may probably speed up the disposal of the schemes at the Governmental level. Also the balance of advantage seems to lie in a separate allotment in the Budget for schemes connected with co-operative land colonisation.

special departmental staff free of cost. They were sanctioned a special loan of Rs 11,300 for the construction of godowns. Recently the scheme has been extended to 16 more villages in the area and a loan of Rs.60,000 has been provided for reclamation work.

(v) Contribution by Co-operative Irrigation Societies: Irrigation co-operative societies play a minor role in the furtherance of the Grow More Food campaign. On the 30th June 1950 there were 18 irrigation societies with a membership of 2,200 and a paid up share capital of Rs. 11,700. Some of the societies executed minor irrigation works to the extent of Rs.14,335 and helped 750 members with additional irrigation facilities. An irrigation society recently formed in the Visakhapatnam district has an ambitious programme. It proposes to sink wells along the river Champavathi and instal pumps to bale out water for irrigating 2,330 acres of land situated in Nadipalli and other villages. The capital expenditure is estimated at Rs. 50,000 and the Vizianagaram Co-operative Central Bank has agreed to finance it. As soon as the society gets supply of electric energy, it will commence work. Another irrigation society worth special mention is the one recently registered in Guntapalli in the Krishna district. The society took over from a contractor the pumping machinery and equipment installed in Guntapalli for pumping water from the river Krishna for irrigating about 5,000 acres of land. All the land-holders or tenants in the *ayacut* are members of the society. The Vijayawada Central Bank advanced to the society a loan of Rs. 70,000. The society collected a share capital of Rs. 44,000. The society supplies water for irrigating the members' lands and levies water rate on the members in proportion to the extent of the lands irriagated by it. 2,700 acres have already been brought under cultivation and there are possibilities for bringing an equal extent of additional land under the scheme.

It should be possible to explore this line of development and extend co-operative irrigation of one kind or another, wherever feasible. Tube wells are an important source of irrigation, wherever underground water can be traced. The Government of India attach great importance to the question of provision of tube wells in really promising areas. In fact, the possibilities in this direction are being explored. How far co-operative effort in this field is likely to yield successful results by bringing the land-owners into a common association, by advancing them long-term loans if necessary, and by providing servicing facilities seems to be a fruitful line of investigation.*

(vi) Contribution by Village Multipurpose Co-operative Societies: The utility of harnessing the existing representative village institutions in any scheme of food drive has been emphasised in the Hon'ble Sri K. M. Munshi's 'Eight points programme'. It has been rightly stated that if results are to be produced, attention should be paid to the village community as a whole rather than to isolated individuals, whether in the matter of cultivation of fallow lands or repairs to tanks and wells, or distribution of manures or preparation of compost, etc. The Government of India stress the fact that the utilization of representative village organizations is the *sine qua non* of the success of food production and have requested the State Governments to set up such organizations suitable to local conditions. In the Madras State, co-operative societies are proposed to be associated in the food production drive in an increasing measure. The scheme will be tried in seven districts to begin with, namely, South Kanara, Coimbatore, Madhurai, Tiruchirapalli, Nellore, Guntur and East Godavari. The village co-operatives in these districts will be in the nature of multipurpose societies and their functions will be to devise ways and means for the maximum utilization of agricultural lands and to acquaint the officials in charge of the schemes with the peculiar requirements of local areas and generally to provide the required liaison between the cultivating ryot and the official. The societies will be responsible for the efficient distribution of fertilizers, improved seeds, agricultural implements, iron and steel etc. They will list out cultivable fallow lands and make arrangements for bringing them under cultivation. They are expected to launch a special drive for the increased output of compost manure in villages. Their services will also be utilized in assessing the results of the various measures adopted towards increasing food production and for making available the

*The growth of corporate enterprise in irrigation in the United States of America may not all be helpful to us here but it may be of interest to refer to it in passing. Apart from large federal reclamation projects, there are mutual companies, irrigation districts and commercial irrigation companies. Co-operative mutual irrigation companies obtain and distribute irrigation water for use primarily on the lands of their members and for that purpose construct, maintain and operate dams, canals, and ditches; in some cases they erect pumping stations to bale out sub-surface water. Co-operative or mutual companies account for 32 per cent of all the land irrigated in the United States of America, irrigation districts (which are semi-Governmental statutory bodies formed on the majority vote of the farmers in a given area) account for about 17 per cent and commercial irrigation companies for 5 per cent. Water is allocated on an acreage basis or on the basis of the stock owned. Over 150,000 farmers are estimated to have been served by these mutual companies.

additional yield of food-grains for the purpose of procurement. In these select districts 50 per cent of the villages are already served by multipurpose co-operatives and as a result of the scheme their membership is expected to increase. The ultimate aim is that all the cultivating ryots in each village should be brought within the co-operative organization. In order to provide for intensive supervision of the societies these seven districts are proposed to be bifurcated and the number of societies in charge of each Deputy Registrar reduced. Agricultural improvement societies and marketing societies at the firka and taluk levels in these select districts will be associated with the village multipurpose co-operative societies and the district co-operative central bank will form the apex of the structure and provide the necessary co-ordination. For all practical purposes the district co-operative central bank will be the agency through which the views, the requirements and the achievements of its affiliated societies charged with food production will be made known to the district officers, and for this purpose, the President of the district co-operative central bank is proposed to be made a member of the District Food Production Committee. A list of cultivable waste lands and old and current fallows in the districts concerned is being drawn up and will be made available to the village mutlipurpose co-operative societies for investigation as to which of them can be reclaimed and brought under cultivation.

Conclusion:—It is our conviction that if properly directed, the future of these co-operatives can be brighter than their past. These voluntary associations, with their intimate contact with the farmers, and democratic management subject to departmental supervision, can play an important role in food production. But will they do so? Why not? It is recognized that the awareness of the problem and of the steps taken by the Government to solve it and public enthusiasm for the cause are quite indispensable for the success of any scheme. If co-operators set about the task of food production with missionary zeal, determination and sense of urgency, they can make a substantial contribution to increased food production. Co-operators were put to a severe test during the war; they rose to the occasion as one man. Amateurs though they were, they carried out with commendable success, the war-time task of equitable distribution of goods in short supply and the much more difficult work of procurement of food-grains. The most pressing and baffling problem of increased food production throws out a challenge and affords an opportunity of service to the co-operoåtrs. Will the leaders take up the challenge?

REVIEWS

YEARBOOK OF AGRICULTURAL CO-OPERATION, 1949. *Edited by the Horace Plunkett Foundation* (*W. Heffer & sons. Ltd., Cambridge; 15 net.*)

This yearbook contains about 40 contributions covering 380 pages; select bibliography, brief reviews and notices of the latest literature on Agricultural Co-operation and allied subjects and a short note on recent co-operative legislation take up the rest of the pages. It is an indispensable book of reference in a co-operative library. The first and by far the longest contribution is that on the co-operative mechanization of the small farm primarily in England and Wales and, by way of comparison, in France and Netherlands, where more advance has been made in this line—partly because of the more homogeneous peasantry and the backing of the State. Comparative costs are worked out for horse and tractor ploughing and other operations from the point of view of farmers having 50 acres or less of land in different crops. Individual ownership of tractors (even small tractors) and implements is found to be uneconomic in most cases. But over most of Europe horse ploughing has become very costly after the last war, due to losses of man-power and of animals. Governments in France and the Netherlands have helped the organization and running of co-operative societies which own machines and hire them out to farmer-members. Co-operative central banks have lent capital for the purchase of machinery. In England and Wales the want of a strong agricultural bank and the lack of easy agricultural credit facilities set limits to the use of machinery by small farmers, while the needs of other farmers are catered for by private contractors. It is suggested that it would be more advisable to link machinery service on to flourishing agricultural trading societies. Advice is given on the number of members that can be taken by a society, arrangement of work, capital formation, grant of loans, State aid etc.—points which may be of some use in parts of India where the need for machinery societies may be found.

'Consumers' Co-operation in the Village' is the subject of another contribution. The widely held notion that the rural store is a failure is combated by the citation of successes; first in Scandinavian countries where the standard of living in rural parts is quite high; in Hungary, where there are two strong central organizations of banks and consumers' organizations, both the work of liberal aristocrats devised for the benefit of the peasantry, and in the countries liberated by Russia after the I World War. In Russia itself urban stores were for a time suppressed in favour of State trading, but in rural areas they were pushed forward as the sole form of trading. They are reported to be 'comprehensive and reasonably efficient' with regional and wholesale national organizations. In a planned economy the co-operative movement is only a part of it and is not subject to hazards of bad management. "It has no problems of capitalisation, supply, competition, changes of taste or fluctuations of price." In Ireland stores were organized only at the end of the I World War, but failed with the fall in prices soon after, as in Madras the Trading Unions did. Recently there is a rapid rise in store business in Ireland but it is mostly a department of multipurpose society, of which the central undertaking is a creamery and other activities are egg-packing, credit, supply of agricultural requirements etc. The monthly milk cheque serves to pay for purchases. In dealing with such stores in Asiatic countries, there is a passing reference to the ill-fated (partly ill-conceived) producer-cum-consumer societies of Madras, some of which are still lingering with plenty of capital but no business. Problems of size, staff, credit sales, supplies of imported goods and organization of wholesales are touched upon with reference to the prospects of rural stores in undeveloped countries. A successful store would serve as 'an economic centre of greater and more varied interest and appeal than a credit or marketing society and one which might become the starting point for much social and educational progress.'

'Education for Agricultural Co-operation' is a stirring account given by H.F. Infield of the rigorous training imparted to would-be members of co-operative farms by the Antigonish University Extension Department, Saskatchewan University Extension Service, and Zionist Pioneer Organization in U.S. The difficulties of running co-operative farms, for which there is a craze now in our country, are stressed. It is to meet such difficulties that training is given.

There is a short note on 'Co-operative Thrift Societies' as distinct from credit societies. They are meant more for salary earners and others in receipt of regular incomes, including factory workers and artisans. The distinctive features of these societies are noted. Deduction by employers of the weekly or monthly saving deposit may weaken the responsibility of members, though it may be a matter of convenience to the society. To find liquid, non-speculative but decent interest earning outlets for deposits is not easy; but it would be natural and advisable to lend to co-operative credit or trading societies with a large business in short term advances.

The progress of Agricultural Co-operation in about 35 countries—from the United States to Uganda—is surveyed by different writers. Countries in Europe where Co-operation has flourished more come first. France and Denmark are left out, perhaps because recent yearbooks have dealt with them. In Asia, India and China are conspicuous omissions. Only Hyderabad State comes in for a short note of 6 pages. But readers would like to have at least some tabular statements of progress in all countries every year. The Horace Plunkett Foundation, regarded as the best bureau of information on Agricultural Co-operation, may not find it difficult to furnish available information in a comparable manner from year to year about all countries.

The slow recovery of societies from the autocracy of the war regime in Germany and Japan has been recorded. The main provisions of the new law on Agricultural Co-operation in Japan, enacted in 1947 at the instance of General MacArthur, are given. Two important points to be noted are (i) the variety of functions a co-operative society can take up, (ii) provision for a delegate meeting in place of the general-body meeting in the societies where the number of voting members exceed 1,000. This is a reform long overdue in our large societies.

J. C. Knapp, as usual, gives an interesting account of the progress of Agricultural Co-operation in the United States, in all its phases. Co-operative marketing associations are putting their houses in order to meet more difficult selling conditions. They are modernising their equipment, improving quality of goods, packaging and introducing further labour saving devices, to meet the burden of rising costs. Rural Electric Co-operatives have added 400 new farms to their lines. They now serve about 2 million farm families; but there are yet 2 million farms waiting to obtain central electric service. Electric co-operatives now employ workers to educate members not only on how to use electricity but also to explain what a co-operative is and the benefits it can confer. The area and membership of several co-operatives (especially electric) have grown so much as to need a delegate instead of a general-body meeting. Need for education on this matter and the need for uniformity of legislation in States are stressed.

J. T. Hull reviews the operations of Wheat Pools in the Prairie provinces of Canada and of other co-operative bodies like the Canadian Co-operative Implements, Ltd., which sold 4 million dollars worth of implements, including 1.8 million dollars of implements manufactured by themselves. The Wheat Pools are anxious to sell coarse grains for which they have sought legal sanction.

The co-operative movement in the Maritime provinces of Canada caters not only to agriculturists, but to fishermen and miners. This is separately dealt with. The most notable feature is the education imparted by the Extension Department of the Antigonish University, which has carried adult education to the doors of the fishing village, agricultural countryside and the mining community. Hundreds of study clubs have been organized by small groups of people. 'A self-help programme of wide scope took shape and snow-balled into amazing proportions.'

We find from the accounts given of Siam, Indo-China, Burma, Malaya and Java, that co-operation which had developed to some extent in those countries under European influence suffered a great deal when the Japanese overran and occupied these countries for a while. The co-operatives were ordered to borrow from the banks in order to feed the Japanese troops and the local population. Stocks were looted during the war and the rebellion afterwards; the trading societies suffered most by the loot. Currency inflation added to the confusion. The number of societies organized before the war and their transactions were impressive in some of these countries. Many have been ruined; several are dormant, for want of financial support and the distress of members. We are told, however, that in Malaya, the flight of "the worst elements" from the estates to the jungle has helped to revive the labour credit societies in the estates. In Java, we are glad to hear, the people now take greater interest in economic activities than they used to do before their liberation from Dutch rule. The new Republican Government is ready to support societies by subsidies and to grant aid even to the members of societies which have been ruined to help them organize anew. There is evidence of considerable interest in co-operation in all these countries; but for want of central direction and central finance recovery is slow. We hope that the E.C.A.F.E. and other international bodies will come to the rescue, now that a Conference has been held recently by the F.A.O. and the conditions of the societies and the people studied on the spot.

As stated already, India is not one of the countries that figure in this yearbook. The short note on Hyderabad shows the popularity of its grain banks, which avoid any cash dealing and its rural banks, one for a group of villages, undertaking all kinds of rural reconstruction work under the supervision of Taluka Development Unions. The members of these banks are said to be well-to-do landowners who hesitate to join the unlimited liability village credit societies. We wonder if unlimited liability could not give place to limited liability with other forms of security, even in the village societies.

We are glad to see that the yearbook is gradually growing in size and content to the level of the pre-war yearbooks.

K. C. R.

STATISTICAL STATEMENTS RELATING TO THE CO-OPERATIVE MOVEMENT IN INDIA FOR 1947–48, (*Reserve Bank of India, Bombay-1,* 1950; Rs. 2.)

The publication of the slender volume of annual statistics of Co-operation in India, taken up a few years ago by the Reserve Bank from the Government of India, has again been inordinately delayed on account, it is said, of delay in the submission of figures by the Registrars of Co-operative Societies in the States. Thus the figures of transactions of the first year of Indian Independence (1947–48) are available only now. Improvement in the forms of classification has been deferred to the year 1949–50. The traditional but unhelpful classification of societies into credit and non-credit and the lumping of all types of the latter in one still continue. We get no idea of the nature and volume of articles purchased, sold or processed by societies, the number of employees engaged, gain or loss to members by their working—all of which are of great significance from the co-operative point of view and could have been ascertained from the societies and are paraded in some State reports. Store societies have multiplied in number during and after the war; and the marketing societies—primary, central and provincial—have received a lot of publicity. But we get no detailed distinct data as regards societies organized for purchase, production or sale

independently. We suppose this indifference to the classification of different activities and their transactions is not due to the multipurpose bias of the authorities responsible for their publication. Land mortgage banks and societies get a separate table; but insurance societies—non-agricultural —for life, fire, motor, etc., have all been put in one table. This 'classification' does not help clarification.

The 'Co-operative Clock' in colour is interesting, but it takes no account of transactions, profit or loss etc. The statements as they are seem to conceal more than they reveal. We look forward to a great deal of improvement with the revision of classification promised.

The price (Rs. 2) is prohibitive for a thin 20 pages publication—at any rate to the co-operative purse. What a contrast to foreign publications on co-operative statistics!

THE CO-OPERATIVE MOVEMENT IN INDIA *By Eleanor M. Hough, M. A., Ph. D., Second Edition (Oxford University Press.* pp 402 + xxi Rs. 15.)

We welcome the Second Edition of Dr. Miss Hough's evaluation of the Co-operative Movement in India. The First Edition was published by the wellknown British publishers, Messrs P. S. King and Son of London in 1932, with a Foreword by Professor H. L. Kaji and an Introduction by the wellknown co-operator, Sir Horace Plunkett. The book was well received in India and sold quickly. But it is a great pity, that the absence of a sufficient demand for another edition delayed the appearance of this book till now. Co-operative publications have a very limited market in India and though co-operative institutions are numerous, they are mostly small rural societies, which cannot afford to buy new editions of even wellknown books and which cannot make use of them, because of their lack of knowledge of English.

The present edition is in no sense a mere reprint of the first. It is largely re-written and much new matter has been included. In Chapter I, the general background of the movement is described and described well. In Chapter II, the author very briefly describes the general aims of the Co-operative Movement. We would have liked her to discuss and lay down the basic principles of co-operation here. It is not a mere definition of co-operation that we want, but we would have welcomed a discussion and an enunciation of basic principles of co-operative economics. We trust in the next edition the author will increase the usefulness of the volume by elaborating Chapter II in the manner suggested.

Chapter III dealing with the various types of co-operative organizations in India forms the bulk of the book. More interesting however, is the next chapter, which attempts the evaluation of the Co-operative Movement. Dr. Hough's analysis is a valuable contribution, since it represents clear thinking and observation of the working of the movement in India. Most critical surveys suffer from the surveyor being a non-official co-operator who may be biased against Government control or the surveyor being a co-operative official who cannot quite criticise Government policy. The surveyor is usually a co-operative worker, whether non-official or otherwise, and as such he cannot take himself out from the rut of routine and conjure up a broad unbiased outlook. Dr. Hough, however, has the merit of having studied the Co-operative Movement in India as an American lady working for her Ph. D. degree in Economics and has lately been a resident of India keeping alive her interest in the movement, without identifying herself in any sense with any shade of opinion or any co-operative institution, educational, propagandist or otherwise. Her survey has, therefore, the merit of being unbiased. We agree with her fully in her analysis of the administrative difficulties and we only wish that Government realise these more fully.

We welcome the strong stand that she takes in favour of the voluntary principle in the organization of co-operative societies and her opposition to the trend towards compulsion. She rightly remarks, that if co-operation did not do as much as might have been hoped for in this direction, it at least made its contribution to stemming the tide of class divisions and communal friction. At another place she remarks wisely, that if co-operation in India has not worked the miracle its original sponsors hoped for, it has taken its place among the constructive forces working for the economic regeneration of the country and the establishment of a sound national economy.

We congratulate Dr. Hough on her excellent book.

H. L. K.

TOWARD FREEDOM FROM WANT *By D. Spencer Hatch* (*Oxford University Press*, *1949*; pp. 299. Rs. 8/8.)

The book deals in detail with the activities of the Practical Training School in Rural Reconstruction, organised and run by the Y.M.C.A. at Martandam in Travancore (South India.) The programme is both intensive and extensive, covering spiritual, mental, physical, social and economic development in the rural areas selected for the purpose. With the exception of the last chapter dealing with the author's experience in Mexico, more or less approximating to that in India, this book is mainly a reprint with slight variations of his two wellknown previous pablications, viz., ***Up from Poverty in Rural India*** and ***Further Upward in Rural India.***

The author gives various examples of betterment achieved through the medium of co-operation, laying considerable emphasis on co-operative production and co-operative marketing. He strongly urges that rural development work should be undertaken by State aided non-official organizations rather than by a direct Government department. He belives that the Indian village needs two kinds of leaders—those from within the village group and others who will associate with the villagers as expert counsellors and fellow-workers. The whole responsibility should in no case be thrown upon one individual.

Making use of live specimens of cattle and poultry on the stage, as described under the heading 'Rural Drama', is novel and commendable. The book will serve a useful guide to persons engaged in rural reconstruction work.

M. K. RAJ.

A STUDY OF PANCHAYATS IN MADRAS *By K. Jayaraman, M. A., M. Litt.*, (*The Indian Society of Agricultural Economics, Mahatma Gandhi Road, Fort, Bombay*, Rs. 5)

This is one of the best books, so far published, by the Indian Society of Agricultural Economics and one of the fine first fruits of the Society's endeavour to promote objective studies of the economic and social conditions of our villages and the working of their institutions. Mr. Jayaraman shows ample evidence of wide scholarship in the field he has chosen for study and of intimate personal experience of the working of the Panchayats in certain districts of Madras. He is not a mere enthusiast for the revival of this ancient institution, but gently exposes its shortcomings in practice. He suggests for their improvement lines of reform which are in consonance with the trend of modern thought and practice. We are pleased, in particular, with the chapter dealing with the delimitation of the spheres of Panchayats and of co-operative societies, the distinctive functions of both of which are sought to be mixed up by some well-meaning enthusiasts in either field. Neither the Panchayat nor the co-operative society can be a universal provider. This is very well brought out by Mr. Jayaraman.

SHARING AND FIXED TENANCY SYSTEMS, *By Dr. V.V. Sayana*, (*The Business Week Press, Madras, 1949*; pp. 137; Rs. 3).

The two most important systems of tenancy in vogue in India are dealt with in this small book by the author, who has already made a mark in the study of agricultural economic problems. He is most conversant with conditions in the Andhra Desa but has culled information as regards the rest of India and certain other countries too. Among economists there is a bias in favour of fixed rents and a prejudice against the sharing system as this is not supposed to offer so much incentive to the tenant-cultivator putting forth his best efforts to increase production as he has to share the extra produce with the sleeping partner, the landlord. This goes on in *Meteyar* system of France, the *Batai* of North India and the *Varam* of South India. Our author rightly contends that these are not to be condemned, as long as the small landlords contribute capital and are not averse to taking trouble by vigilant supervision and constant guidance, which the impecunious and the unenterprising cultivators badly require. The worst abuses certainly should be put an end to by legislation and its proper enforcement. It is a good factual study of systems of tenancy prevailing in South India, so far as it goes. The part that co-operation can play in easing the position of tenant cultivators is well worth a more detailed study, not merely a passing reference to Collective tenancy in Italy in a couple of pages.

INDIAN AGRICULTURE *By M. L. Dantwala* (*No. 5, Economic Handbooks Series, The National Information and Publications, Ltd., Bombay,* Re 1.)

In this nice little handbook of 45 pages Prof. Dantwala deals with the main economic problems of Indian Agriculture in a simple style so as to serve as an introduction to the study of more elaborate literature on the subject. The need to grow more food and the causes of failure of the campaign to grow more are pointed out. The dwarf-sized holdings, inadequacy of irrigation facilities, lack of effective propaganda, uneven distribution of population among different occupations and, above all, inequitable systems of tenure are in his view the major causes of our agricultural inefficiency, our failure to provide sufficient food or employment for the people. He would give first priority to a radical reform of tenures. He suggests the lines on which this and other reforms may be effected. A special plea is put in for co-operative farming, especially for pooling of uneconomic holdings, though there are limits imposed by managerial talent and disciplined membership. Problems of credit, marketing, processing, etc. which are aspects of agriculture in which co-operators are most interested have not been dealt with in this handbook Perhaps they are reserved for another handbook in the series.

GLIMPSES OF CO-OPERATION IN BOMBAY, (*Agricultural Credit Department, Reserve Bank of India, Bombay* ; pp. 89 ; Rs. 2.)

The Chief Officer of the Agricultural Credit Department of the Reserve Bank of India undertook, between January 1947 and December 1949, tours to about ten districts in different parts of Bombay State—" some co-operatively typical areas "—principally to study ' the commercial banking activities ' of the Bombay Provincial and Central Co-operative Banks. The accounts given of particular societies visited present a cross section of the co-operative enterprises in the area from certain points of view. It is not clear how far the inferences drawn are applicable to all societies of the same type.

The smallness of membership in primary societies is attributed to the landed property qualification for admission to membership of societies ceiling on the total number of members to be admitted (this appears to have been removed since) and in certain cases fear of enforcement of unlimited liability. Agriculturists with uneconomic holdings are denied loans for want of sufficient security and limitation of the maximum loan that could be given to an individual. The rate of interest charged by societies was as high as 9 to 10 per cent. The central banks freely lent to *individuals* on the pledge of agricultural produce, industrial goods, precious metals and Government Securities. The volume of business of central banks with individuals, in certain cases, exceeded that of their business with member societies. The branches of the Provincial Bank also lent to individuals, notably to merchants, at easy rates of interest (3½ to 5 per cent) for the purchase of agricultural produce, which would *later* be taken as security.

Marketing and other non-credit societies have made some headway. Moreover, credit societies, including central banks, seem to be taking up non-credit activities, mostly distribution of controlled commodities.

CO-OPERATION IN ASSAM—A NEW EXPERIMENT (*Agricultural Credit Department, Reserve Bank of India, Bombay* ; pp. 48 ; Re. 1.)

This is another on-the-spot study by the Chief Officer of the Agricultural Credit Department of the Reserve Bank of India.

The small but sound movement in Assam could not recover from the effects of the depression of the thirties even in the boom period following the World War II. Overdues mounted to as high as 86.6 per cent of the outstandings ; membership and deposits from individuals fell to less than half ; fresh finance from the financing banks was far too shy. The principal reasons for this are said to be : high rate of interest to the ultimate borrower which was 12½ per cent, failure of the societies to collect their dues and of the department to adopt any measures to help recoveries. The few non-credit societies that sprang up during wartime, mostly stores, were for the most part not genuine ; they were composed of private traders who could not individually get licences for controlled goods. Most of them went into voluntary liquidation, or otherwise ceased to exist, by 1945-46. It appears that more people in Assam were ruined than helped by the Movement.

The new experiment envisages setting up of primary multipurpose trading societies, membership of which is drawn by indirect and direct (not explained) methods of compulsion. They will be affiliated to the central trading societies, which in turn will be affiliated to the Apex Bank ; all the existing institutions will go, either by liquidation or by amalgamation within the new set-up. To start with, the trading societies are given monopoly of distribution of yarn and cloth (cloth control is now lifted in Assam) huge profits from which are expected to provide the necessary funds and enthusiasm for taking up other activities. The hand of the Government, in the new set-up is to be seen everywhere. " Non-official co-operators are few, if not totally absent from the field."

We are solemnly told that " when big results are the aim, it would be puerile to seriously advance against it such criticisms as the several departures from commonly accepted co-operative principles and the officialisation of the Movement ".

ACKNOWLEDGMENTS

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CO-OPERATIVE CONFERENCES AND MEETINGS

CONFERENCE OF PROVINCIAL CO-OPERATIVE MARKETING SOCIETIES

Held at Bombay on the 27th & 28th April 1950

A Conference of the representatives of the Provincial Co-operative Marketing Societies and Federations working in the Indian Union was convened at Bombay, at the Indian Merchants' Chamber, on 27th and 28th April 1950, under the presidentship of Dewan Bahadur Prof. H. L. Kaji, President of the Indian Co-operative Union.

There was very good attendance at the Conference. Out of the eight Provincial Co-operative Marketing Societies and Federations, five institutions, viz., (1) The Madras Provincial Co-operative Marketing Society, Ltd., Madras, (2) The C. P. & Berar Provincial Co-operative Marketing and Supply Society, Ltd., Nagpur, (3) The U. P. Co-operative Development and Marketing Federation, Ltd., Lucknow, (4) The Bombay Provincial Co-operative Marketing Society, Ltd., Bombay, and (5) The Hyderabad Central Trading Co-operative Society, Ltd., Hyderabad, had sent their representatives.

Shree J. C. Ryan, The Registrar, Co-operative Societies, Madras, Shree Sarvottama Rao, Officer-in-Charge, Agricultural Credit Department, The Reserve Bank of India, Bombay, Shree B. J. Patel, The Hon. Secretary, Indian Co-operative Union, Shree V. P. Varde, Managing Director, The Bombay Provincial Co-operative Bank, Ltd., Bombay, and some other Government officials and non-officials attended the Conference and participated in the deliberations.

Initiating the Conference, Prof. Kaji said: I welcome you all to this meeting of the representatives of the apex co-operative marketing organizations in the various States of India. I am afraid the true place of Co-operative Marketing in the scheme of the economic regeneration of the agriculturist has not yet been fully realised. It is true, co-operative officials acknowledge freely that credit alone will not serve the purpose and that developments along non-credit lines are very necessary. This continued use of this dichotomus division into credit and non-credit is highly suggestive of the obsession for credit, the other needs of the agriculturist being treated as miscellaneous lumped together as non-credit. Indeed according to the general notions now prevailing, credit is still the greatest need and that none of the others are important or significant enough to be recognised separately not even in the annual statements of progress of Co-operative Societies, now published by the Reserve Bank of India. It is true that credit is essential ; but it is not recognised that it is but ancillary to the main stages of the agricultural cycle, these stages are purchase, production and sale. All these require the ancillary buttress of finance. And yet co-operative banks grant loans—co-operative loans, covering the finance necessary at each stage as distinguished from land improvement loans granted by land mortgage banks. Purchase of agricultural requisites such as seed, manures and bullocks and sale of agricultural produce are now the function of purchase and sale unions or marketing societies and yet the finance required is supplied by the co-operative banks without in any way making it obligatory for the borrower either to buy his requirements or sell his produce through the marketing societies. Credit should be linked with marketing; it is a slogan that we hear a great deal of in these days, but so far as I know, nowhere there seems to have been forged any effective linking. The banks get finance from the Reserve Bank at about 1½ p.c. and grant accomodation to marketing societies at 4½ p.c. to enable them to responsibly carry out their role of supply and sale. Why should not, I wonder, the Reserve Bank with the necessary amendment in the Act, make cheap finance available not only to Provincial Co-operative Banks but also to Provincial Co-operative Marketing Societies, so that marketing finance may be separately handled by the institution best fitted to deal with it though crop finance of course would remain the domain of Provincial Co-operative Banks? Advances against the pledge of agricultural produce may have been legitimately allowed to the co-operative banks in the absence of suitable marketing organizations, though that does offend against the wise maxim of not mixing up banking with trading. It may be contended that marketing finance is but finance after all and must be attended to by co-operative banks. I would only say that in that case let marketing societies close up the bulk of their business and let them refer supply and sale societies to the District or the Provincial Co-operative Banks, rather than make advances at a much higher rate of interest despite the fact that the Reserve Bank is willing to make cheap finance available. The whole question of marketing finance and of an effective link between co-operative credit and marketing is beset with so many difficulties that I consider it to be high time for the Government of India to appoint a small committee of about half a dozen experts to sit together and suggest the best solution.

Another queer development has been the granting of large advances to individual traders on the pledge of agricultural produce by co-operative banks. The question of financing of purchase and sale unions for multipurpose societies by co-operative banks or co-operative marketing societies is on quite a different plane. After all, a co-operative institution is to be financed; and the only point at issue is which of the provincial organisations should be allowed to perform this function. In the case of individual traders I have not been able to understand how it ever came to be permitted. It is these individual traders against whom co-operation has to fight through its marketing societies; it is these traders who are the exploiters of the agriculturists; and to finance them is, in my opinion, treason against Co-operation. It is just like co-operative banks financing the village moneylender, the Sowcar, the Mahajan, the village Shylock. Marketing societies do not wish to finance these individuals themselves and they do not wish anybody else to finance them also. Let them go to commercial banks or let them go to the wall. Co-operative finance can only be for co-operative

institutions and for co-operators, for co-operative work—not for exploiting those whom we wish to serve but for facilitating the co-operative organisation of sale and supply.

As I remarked above, we have no data available about the number, membership and working of co-operative marketing societies in the different States of the Indian Union. We know that each State has encouraged, actively or haltingly, the formation and working of marketing societies, unions and federations and that there are eight Provincial Marketing Societies in India today. But we have very little idea of what exactly these provincial, district or local bodies do, how they do it, whether the village unit, the district union and the Provincial Federation form a well-knit organisation, or whether these function more or less, each in its own way, as occasion, opportunity or inclination suggests; what commodities they deal in, what is their position in these days of Government control on food-stuffs and other agricultural produce. How far State Governments utilise their services for procurement and/or distribution. Information on such points is vital for a proper perception of the marketing problem and to the orderly growth of marketing which is almost the basic essential for agricultural prosperity, so handicapped by illiteracy and ignorance. Industrial co-operation, which is being actively assisted by some States has little to do with agriculturists: consumers' co-operation, which became very important during the war period and which continues to rear its head because of the policy of active Government control, has more to do with urban problems. Apart from credit, it is marketing – the supply of agricultural and domestic requisites and sale of agricultural produce—that calls for the most urgent action and full handed assistance from co-operators and State Governments.

With such incomplete information as may be available to you, you will no doubt grapple with the problems that confront you and formulate the action and policies demanded by the perilous times we live in. But I am convinced that it would be best for all concerned, if the Government of India appointed a small select committee consisting of representatives of co-operative marketing and of co-operative officials specially concerned with marketing.

In these days of control, it is very essential that the State should look upon a Provincial Marketing Society as its own agency for at least distribution work. In the absence of control, the movements of food-stuffs and other agricultural produce would have been increasingly done by and through these societies and when controls deprive them of their legitimate business, it should be their right to do as agents of Government what they otherwise would have been doing as principals. It is therfore often very disconcerting to find that while these societies receive every consideration and sympathy from the Honourable Minister, they receive but scant courtesy from the Secretaries and Directors and their Deputies, who feel as if they were obliging the societies and conferring a favour upon them. State trading or Departmental trading as it comes down to, has never been

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proved efficient; it has rather been reported to be often corrupt; and yet Co-operative Organisation is dubbed inefficient, the honorary workers who lead and guide these societies are suspected of having some ulterior motives and the situation often becomes sickening. A Provincial Co-operative Organisation must be treated as equal in status and efficiency as State Department and its motives or efficiency should not be lightly questioned. I earnestly request the Honourable Ministers to issue a firman, if need be, to their departments at any rate, to change their whole view point with regard to the Provincial Organisations. Besides the controlled regime cannot last forever and it would be much better to prepare the Co-operative Organisation to take over fully as principals the task of distribution and movement of foodgrains and other agricultural produce when Government no longer deems it necessary to do so. The Provincial Marketing Societies are democratic institutions and yet by the presence on the Board of Directors, of Registrars and other Government nominees, they can be in touch and guided by the official view point. They are therefore best suited to serve Government and the public during the days of control as also when control is lifted and there is free movement of food-stuffs and other agricultural produce.

The question of godowns and other licensed warehouses is an important question for the development of co-operative marketing. It is not possible, for financial reasons, for marketing societies to construct godowns, where the produce can be stored till it is sold at a fair price. It is up to Government to provide the necessary financial assistance in this respect and yet it is not clear, what is being done by Government in the different States of the Union. Another great difficulty in the way of marketing organisations is the shortage of trained managers. Costly managers they cannot afford and unqualified men are a source of grave danger. The solution appears to me to lie in the creation in each State of a set of persons under the Co-operative Department specially trained for the work of purchase and sale and who could be deputed to various institutions. As it is the Managers are low paid and are inefficient and the Department Officers are equally untrained and often misdirect out of their ignorance than otherwise. I am afraid it is not possible for all Registrars to be experts in marketing. To administer the Co operative Act, to supervise in general the working of the Co-operative Movement can be done efficiently by a trained member of the Indian Civil or Administrative Service. But when Co-operation enters the realm of banking, the Registrar must be one specially efficient in banking and when Co-operative Trading is in question, the Registrar must be fairly cognisant of commercial practices and commerical methods. I personally feel that the time has come when such work cannot be carried through by a number of Joint or Deputy Registrars; but there must be an independent Registrar in charge of Finance and another in charge of Marketing, while a third will have to be in charge of Industrial Co-operatives. There is no objection to have a Registrar General or a Director of Rural Development over all these three.

But the real work will have to be done by very senior men specialising in banking, trade and small-scale industries.

If Co-operation is to succeed, it can only be done through a proper organisation of marketing buttressed by credit for short and long terms. The problems of marketing are many and varied. But the statistical data about the organisations are not available. State policies have not yet hardened into practice and are in a state of flux. You will have therefore to do the best that you can and find out, how and in what manner and to what extent co-operative marketing can be developed and assisted, for the internal trade in food-stuffs and raw materials as also in the export trade in these commodities. I may repeat my conviction, that nothing is more necessary for clarification, of the whole position than the appointment of a Select Committee to go into the whole question and recommend the proper course of action to Government, Central and State and to co-operators.

The President then requested the various delegates representing the Provincial Co-operative Marketing Societies and Federations to give an account of the Co-operative Marketing Movement in their States.

The President himself acquainted the Conference with the working of the Bombay Provincial Co-operative Marketing Society, and also read out a note on the working of the Co-operative Marketing Societies in the Bombay State, sent by Shree B. P. Patel, Registrar, Co-operative Societies, Bombay State giving information in respect of the assistance that was being given by the Government of Bombay to the Marketing Societies.

Shree J. N. Ambegaonkar, The Chief Marketing Officer, Bombay State, gave an account of the Co-operative Movement in the Bombay State.

Dr. P. Natesan, representing the Madras Provincial Co operative Marketing Society, acquainted the Conference with the Marketing Movement in the Madras State.

At the request of the President, Mr J.C. Ryan, Registrar of Co-operative Societies, Madras, gave a very lucid account as to how marketing movement was flourishing in the Madras State and explained how the marketing societies were keen on establishing export trade with the marketing societies in Ceylon.

Shree Nemi Saran Jain, M.P., Vice President of the U. P. Co-operative Development and Marketing Federation Ltd., Lucknow, said that marketing movement had not been able to make much headway in his State. The U.P. Co-operative Development and Marketing Federation Ltd., was doing the distribution work of controlled commodities on behalf of U P. Government, such as sugar, cloth, fertilisers etc. He continued, that U P. Government was assisting Co-operative Marketing movement by way of granting loans to the Federation. He said that in regard to distribution of sugar, the U.P. Co-operative Development and Marketing Federation had been able to check black-marketing in the sugar business.

Shree P. L. Dhagat, President of the C. P. and Berar Provincial Co-operative Marketing and Supply Society Ltd., Nagpur, gave a brief account of marketing movement in his State. He stated that C.P. and Berar Provincial Co-operative Marketing and Supply Society had been organised very recently and Government have subscribed 50 per cent of the share capital of the society. At present, the C P. and Berar Provincial Co-operative Marketing and Supply Society is not doing much in co-operative marketing as such except purchase and sale of Myrabolams.

Finally, Dr. Amir Ali gave an account of co-operative marketing movement in the Hyderabad State.

Resolutions Passed

The Conference passed as many as nine resolutions on the second day. They were :—

1. This Conference is of the opinion that it is necessary to take timely and suitable steps to foster and promote inter-provincial trading between the various Provincial Marketing Societies and Federations. With this object in view, it is necessary to establish a permanent machinery to co-ordinate and develop inter-provincial trading. It is, therefore, resolved that a Committee of the representatives of the Provincial Co-operative Marketing Organisations of the different States in the Indian Union be appointed with the President of the Indian Co-operative Union as its Chairman and the Honorary Secretary of the Indian Co-operative Union and the Secretary of the Bombay Provincial Co-operative Marketing Society Ltd., as its Ex-Officio Secretaries.

2. This Conference is of the opinion that it should be the policy of the Union and State Governments to utilize and encourage Co-operative Organizations in the matter of distribution of controlled commodities and products of State-owned industries as also in the matter of purchases on behalf of the Governments, Railway, Jails, Military Camps and other Government Departments.

3. Co-operative Marketing will have to play an increasingly important role in strengthening the economic conditions of the nation. If Co-operative Marketing is to succeed, it is necessary to find out how and in what manner, and to what extent co operative marketing can be developed and assisted for the internal trade in food stuffs and raw materials and also in the export trade in these commodities. Further, the question of marketing finance and of an effective link between co operative credit and marketing is beset with many difficulties. The statistical data about the marketing organizations are also not available. This Conference, therefore, recommends to the Government of India to appoint a small Committee consisting of Co-operative Marketing Organizations and Co-operative officials specially concerned with marketing, to go into the whole question and recommend the proper course of action to Governments, Provincial and Central and to Co-operators.

4. This Conference recommends to the Indian Co-operative Union to take early steps to appoint an auxiliary sub-committee of its Executive for Co-operative Marketing Organizations.

5. This Conference is of opinion that it is necessary to provide cheap finance to the Co-operative Marketing Organizations. This Conference, therefore, recommends that the Reserve Bank of India should lay down a condition to the Provincial Co-operative Banks while granting accommodation for financing the Provincial Marketing Organizations not to charge interest more than 1 per cent over the rate of interest charged by the Reserve Bank of India.

6. This Conference is of the opinion that it is not desirable for the Provincial, Central and Urban Banks to engage in any trading activities, not only because there have come into existence a number of well organised Co-operative Marketing Organizations which are competent enough to undertake trade activities in a responsible manner, but because on principle banking and trading should not be combined in one and the same institution.

7. The question of godowns and other licensed warehouses is an important factor for the development of Co-operative Marketing. It is not possible for financial reasons for Marketing Organizations to construct godowns where the produce can be stored till it is sold at a fair price. This Conference, therefore, recommends to Government to make available built-up godowns, which are now in possession of Rationing, Supply and Defence Departments as and when they are vacated and also provide necessary financial assistance, suitable sites, building materials etc., for building up new godowns.

8. It is observed that all interests are represented on Railway Advisory Committees except the agriculturists' dealing in marketing and since the Co-operative Marketing Organizations specially dealing in agricultural produce have been experiencing very great difficulty in getting transport and other facilities, it is necessary that the interests of Co-operative Marketing Organizations dealing in agricultural produce should be represented on such Advisory Committees. It is therefore resolved that the Government of India be requested to give proper representation to Co-operative Marketing Organizations on the Railway Advisory Boards and such other Boards that may be set up by Government for the purpose.

9. That in view of the fact that the licensed warehouses are expected to deal with commodities of the agriculturist and the small-scale producer, who is economically ill-equipped and organisationally weak, the co-operative organizations should interest themselves fully and quickly in the business of licensed warehouses.

After some discussion, it was decided to hold the next meeting of the representatives of the Provincial Co-operative Marketing Societies and Federations set up by this Conference, some time in August 1950 at Puri, failing which at Hyderabad.

XX LAND MORTGAGE BANKS' CONFERENCE, MADRAS

Held at Madras on 12th Feb. 1950.

Extracts from

The Presidential Address of Sri B. Venkataratnam,
President, The Madras Co-op. Central Land Mortgage Bank.

Madras has taken the lead in the organisation and working of land mortgage banks in this country. Much of the success is due to the simplicity of the tenures and the absence of any legal restrictions on the transferability of land. In provinces where restrictions on such transferability were imposed, naturally progress of land mortgage banks could not be achieved. Zamindaries have been abolished in our Province and the land is being brought under uniform ryotwari tenure. We have heard enthusiastic friends advocating the elimination of all land-owners who are not actually cultivating the land and advocating the putting of an upper limit to the size of an individual holding. Any restrictions on the transferability of land will depress agriculture and result in much further deteriorating the out-turn from the land. Small and uneconomic holdings of agricultural land have been recognised to be our principal drawback, as economically such an owner cannot adopt improved and costly methods of agriculture, which conduce to better production. I agree that it is desirable to have owner-cultivated farms which can be profitably operated. Such farms should not be uneconomic and facilities for purchase of land for such a purpose should be provided. In the U.S.A. the land banks advance about 60 per cent of the purchase price of a farm to any one who desires to purchase the farm and operate it himself. Some such scheme for purchase of land by the landless agriculturists would greatly help in solving this problem rather than changes to be brought about by legislation as urged by some friends.

Our Province has been passing through rather difficult times in the sphere of agriculture for the last two or three years. There has been a failure of rain in the central and southern districts. Floods and cyclonic winds have swept away the fruits of labour in the northern districts. The result is that we now find ourselves in great difficulties for our food requirements. Failure of monsoons and floods and high winds have become quite a common feature in the province. In the last ten years, we have had at least three occurrences of these phenomena. The biggest insurance against crop failure is the construction of irrigation works, minor or major. I am glad to see from the reports appearing in the press that the Government of Madras are allocating sufficiently large sums in the coming budget for developing irrigation sources, both small and big. Similar provision to ward off the disasters caused by the floods, especially by some of the hill streams in the northern districts, would mitigate the hardships caused by

floods if taken up forthwith. I have heard it said that it was once contemplated that Government should have on the coastal belt continuous casurina plantation as a step to mitigate the harmful effects of stormy weather. Many good schemes in the olden days were not undertaken on the plea of want of funds. But having regard to the disastrous effects these frequent cyclones are having on agriculture, I think it is necessary that the Government should consult experts and take adequate steps to provide against such contingencies. If some such protective works were available, much valuable food-crops could have been saved this year.

On account of the drought in the southern districts and the cyclone in the northern districts, the ryots had been badly hit and the borrowers in primary banks in many cases have fallen into arrears in respect of the instalments due from them and have been asking for postponement of the instalments. Land mortgage banks have not been able to accede to these reasonable requests, as they have to meet their obligations in respect of the funds borrowed by them. The Board of Directors of the Central Land Mortgage Bank have requested tne Government to constitute a Revolving Fund out of which the delinquent instalments may be drawn by Land Mortgage Banks on certification by a responsible Government Officer that the borrower is genuinely unable to meet the instalment. The amount so drawn will be paid back into the fund by the banks as soon as the postponed instalment is collected from the borrowers. This, therefore, does not involve any great expenditure to the Government, excepting small administrative cost and any interest on the amount drawn which may be waived by them. A portion of the famine relief fund may, perhaps, be earmarked for this purpose and I urge on the Government to take a decision swiftly in the matter and constitute the fund.

Agricultural debt in our country has mounted up, because no provision has been made for protection against a possible failure of income on account of the vagaries of monsoon, storms, floods, cyclones, pests and other phenomena in some part or other of the province. As agriculture is already a deficit economy, such losses drive the ryot into further debts, the repayment of which can only be effected by sale of part of his meagre holding. There is only one obvious method by which adequate indemnity could be given to the agriculturist. That is crop insurance. But the insurance of crop and its actual administration are difficult matters as is evident from the experience of a few countries which organised crop insurance. The Government of India seem to have contemplated this project and the Economic Adviser to the Government of Madras has drawn up a provisional scheme for bringing, in the first instance, under the protective wings of crop insurance, the paddy crop of the province.

He has divided the whole province into four zones with reference to crop failures in the districts in these zones in the last thirty years. Premium payable in these zones varies from 0.58 per cent to 8.56 per cent of the yield. Converted into paddy these figures work out to 7 Madras measures of paddy per annum to 43 Madras measures of paddy per annum in the fourth group. The whole scheme is based on the premises that every bit of paddy land will be compulsorily insured. Much of the success of the scheme will depend on how the normal yield of any land is determined; for the yield varies from field to field, and there are no reliable accounts maintained for former years to base our calculations upon. These are administrative difficulties incidental to any new scheme. But they are not insurmountable ones. Till some such scheme is introduced and worked, its possibilities of success or the degree of risk cannot be assessed. Having regard to the great influence that crop insurance scheme will have on the financial condition of many of our ryots and their debt position and the frequent recurrence of bad years for the agriculturist, I appeal to the Government to consider the scheme and usher in compulsory crop insurance in the province as it will reduce the additions to the agricultural indebtedness of the province brought about by failure of crops. Granting that during the initial stages of experimenting the scheme losses arise the crop insurance will ultimately prove a boon to the agriculturist and through him to the prosperity of the nation. After all, the risk to which the project of crop insurance is exposed is a business risk. The alternative to undertaking this risk is to suffer human misery, which cannot and shall not be assessed in terms of rupees. In this view it is an urgent necessity.

Though the land mortgage banks have been working for 20 years they have not been able to extend their activities to some of the areas of the province. It was considered that the lands in the zamindari areas which have not been surveyed and settled, cannot be treated as acceptable security as there would be difficulty about prior encumbrances and identification. We have been urging on the Government for over 15 years to take up the survey and settlement of these lands so that the benefit of cheap long-term credit may be made available to the needy in such areas also. For some years this was not undertaken on the plea that the whole question of Zamindaries was under Government's consideration and till that was settled, survey and settlement would have to wait. Now that the Zamindari Abolition Act has been passed into law, I appeal to the Government to complete this basic measure with the least possible delay.

In response to the requests of the Conference of Land Mortgage Banks, the Government have relaxed their former orders and reduced the margin that should be retained between the rate of interest on debentures and the lending rate to the ultimate borrower from 3 per cent to 2½ per cent. As the borrowing rate was 3 per cent the lending rate was fixed at 5½ per cent. This has become effective from the 18th April, 1947. The Central Land Mortgage Bank has been able to successfully float its latest series of debentures at 3 per cent interest and so there has been no change in the lending rate of 5½ per cent to the ultimate borrower. This rate is, it will be agreed, in the present conditions of the money market, fairly reasonable to the ryots. In accordance with the recommendations of the Rayalaseema Committee on Co-operation and the recommendations of a Conference of Co-operators convened in February, 1948, Government have ordered that loans to the borrowers in the Rayalaseema districts should be made available at four per cent the Government subsidising the Central Land Mortgage Bank to the extent of 1½ per cent being the difference between the normal rate and the special rate allowed in those districts. This scheme will be in force for five years from 1st July 1949. I congratulate the Government on the bold step they have taken in rendering aid to these five districts. My only request to Government is to consider favourably the claim of dry areas in other districts also coastal—as well as central.

In recent years, there has been a heavy rush of loan applications in primary banks. There was an increase in the applications received in 1948-49 to 6,125 for Rs. 152 lakhs as against 5,182 for Rs. 119 lakhs received in 1947-48. Five thousand one hundred applications for loans were rejected or recommended in 1948-49 as against 4,533 applications in 1947-48. This increase in number of loan applications may be indicative of the drying up of sources of credit in rural parts and also of the high rates of interest ruling there. In a sense this is a welcome feature if it means rural credit is getting canalised through institutions constituted by the Government for the special benefit of the agriculturist. But if this increased borrowing is due to the increasing deficit of agriculture, it is a matter for serious concern and requires to be urgently looked into. A careful study of the problem is called for, as it is held in influential quarters that the agriculturist is very well off and that his savings should be tapped and brought into banks.

The Government of India propose to introduce shortly in the Parliament a Bill to establish an Agricultural Finance Corporation to serve as a kind of apex institution for all the Provincial Co-operative Banks in the Indian Union. In addition, it is also to serve big agriculturists by directly lending large amounts. With some suitable changes in the proposed bill I am of opinion that the Corporation will be of help to the agriculturists and the agricultural industry. Co-operative institutions which are not able to command finances at reasonable rates of interest and resort to paying high rates to procure necessary funds can obtain their requirements from the Corporation. One feature of this proposed Corporation is that it is to serve short-term, medium-term as well as long-term needs of agriculture. The Agricultural Credit Corporation of England also dispenses the three types of credit, mentioned above. But in the U. S. A. where there is a highly developed system of agricultural credit, long-term credit has been kept distinct and a Federal Farm Mortgage Corporation was constituted to serve as an apex for the Federal Land Banks. I welcome the move of the Government in this direction and trust that it will soon be passed into law.

Before I close, I wish to refer to a matter on which we have made representations to the Government, i.e., about their meeting the cost of

Government staff. At present the Central Land Mortgage Bank is meeting the full cost of the three Deputy Registrars and their establishments and one half of the cost of the Co-operative Sub-Registrars and their peons. This is costing the Central Land Mortgage Bank about Rs. 1,60,000 a year which if borne by the Government would help increasing the bank's reserves. We have urged on the Government that the cost of these officers is a legitimate charge on the revenues of the Government, but our requests have not received due consideration. I appeal to the Government to view the whole matter sympathetically and relieve the bank of this heavy charge.

Extracts from The Opening Speech of the Hon'ble Sri B. Gopala Reddy, Finance Minister, Government of Madras

The system of land mortgage banks was introduced in our Province in 1925. It was soon realised that the existence of a number of independent banks issuing different series of debentures militated not only against the success of the debenture issue but also against the whole scheme. To centralise the debenture issue and to finance the primary land mortgage banks affiliated to it, the Madras Co-operative Central Land Mortgage Bank was registered in December 1929. Since then, land mortgage banking here has grown from strength to strength and we have now 119 primary land mortgage banks functioning and I understand that 10 more banks are being organised. We can justly take pride that the system has developed best in our Province and now serves as a model for the other States in India. This achievement is not a little due to the untiring efforts of the very able and public spirited Presidents which the Central Land Mortgage Bank has been fortunate to have in succession.

The Co-operative Central Land Mortgage Bank derives its funds chiefly by the issue of debentures among the public. From its inception, the Government have been assisting the bank in making its debentures popular among the investing public. They first guaranteed the interest on the debentures and from 1934 extended their guarantee to the principal of the debentures also. The maximum amount of this guarantee which was fixed at Rs. 50 lakhs in 1934 has gradually been raised and in pursuance of the present Government's policy to continue this guarantee, it has been increased recently in November last from Rs. 450 lakhs to Rs. 550 lakhs. This guarantee has made it possible for trust funds to be invested in the debentures of the bank and has also helped in keeping down the rate of interest charged to the agriculturists.

On account of its sound financial position, the C.L.M. Bank has been able to issue its debentures at 3 per cent even under the present market conditions and to finance the ultimate borrowers at 5½ per cent which is the lowest rate in India. With the help of a subsidy recently made to it by Government the bank will be able to further reduce the rate to 4 per cent in respect of loans issued in Rayalaseema during the 5 years

commencing from 1949-50 for the full period of 20 years during which such loans are repayable. The total subsidy payable by Government to the bank is estimated at Rs. 6.75 lakhs spread over a period of 24 years.

On account of the conditions created by the war there was a large inflow of advance collections and decline in the business of land mortgage banks during 1942-43 and 1943-44. But, subsequently advance repayments have shown a decided fall and there has been an increasing demand for loans and the total amount of loans disbursed during 1948-49 was Rs. 77.78 lakhs. This constitutes a record. If these trends persist, I am sure that there will be plenty of scope for the development of land mortgage banks and their loan transactions. The total amount of loans issued during the last 20 years amounted to Rs. 643.27 lakhs of which a sum of Rs. 297.55 lakhs was repaid, leaving a balance of Rs. 345.72 lakhs. As it is, land mortgage banks have just touched the fringe of the problem of rural indebtedness. Though they should continue to apply themselves to the task of granting loans for redemption of prior debts, it is necessary that they should concentrate also on giving loans for productive investment on land improvements.

While it is gratifying that all the primary land mortgage banks have been meeting their obligations in full to the C.L.M. Bank, it is a matter for concern that the actual borrowers should be in arrears to the primary banks themselves. I trust that no effort will be spared to see that the arrears are collected in full as early as possible especially at a time like the present when prices are ruling high. In the case of borrowers who are unable to pay their instalments on account of failure of crops due to drought etc., your President referred to the constitution by the Government of a "Revolving Fund" to enable land mortgage banks to give extensions in deserving cases. But it has not been found possible for the Government to accept this proposal. The Central Land Mortgage Bank has built up sufficient reserves and may I suggest that the bank itself may constitute the Revolving Fund to be used in cases where the primary land mortgage banks concerned are not able to give accommodation to the ryots whose crops have failed to the extent necessary.

On the crop insurance scheme proposed by the Economic Adviser to Government, the Government are now receiving the opinions and suggestions from experts and other interested members of the public. I may assure you that this scheme will be carefully considered by the Government in all its bearings.

As your President observed, it is indeed a matter for regret that the ryots in the Zamindari villages have not hitherto been able to avail themselves of the facilities offered by land mortgage banks. Now that the Zamindari Abolition Bill has become law, I expect that the lands in these areas will be surveyed and the benefits of long-term credit extended to the people of these areas as early as possible.

Mention was also made by your President of the proposal for the establishment of an Agricultural Credit Corporation on the lines of the Industrial Finance Corporation to serve the credit needs of the agricultural industry. I am told that co-operative opinion is not wholly in favour of the formation of such a Corporation but prefers instead that the functions to be assigned to such a Corporation and the State help to be provided for it should be extended to the existing co-operative organisations. According to this opinion, it will be very difficult to ensure the functioning of an Agricultural Credit Corporation without detriment to the co-operative movement and it is much easier, and probably also financially cheaper to extend and help the well-established credit structure existing in this Province for agricultural finance in the shape of the Provincial Co-operative Bank for short-term finance and the Central Land Mortgage Bank for long-term finance. Another school of thought, however, feels that co-operative institutions provide only a small percentage of the total requirements of agriculturists and that there is great scope for an Agricultural Credit Corporation, simultaneously with the expansion of the co-operative movement. Apart from the need or otherwise for an Agricultural Credit Corporation in this Province, there is also the question whether such a Corporation should be organised by the Province or by the centre or both. I may tell you that the whole matter is now under the consideration of the Government.

Your President lastly referred to the question of the Government meeting the cost of the Deputy Registrars and Co-operative Sub-Registrars employed for work connected with land mortgage banks. As you are aware, the Government met the entire cost of the staff for a number of years in the initial stages of the working of the Central Land Mortgage Bank. And even now Government are meeting one half of the cost of the Co-operative Sub-Registrars. The question whether this concession should be continued after 31-3-1950 will come up before the Government shortly. I can assure you that the Government will take all the relevant factors into account when coming to a decision on this question.

I understand that the Primary Land Mortgage Banks in the West Coast have not made much headway. This is partly attributed to the personal laws and land tenures obtaining in the area. I gather that the rules for the grant of loans in the two districts have recently been liberalised, so as to bring the maximum limit of loans on a par with that obtaining in the other districts and also to provide for the grant of loans on the security of lands coming under certain tenures. The Government have also under consideration certain amendments to the Madras Co-operative Land Mortgage Banks Act, 1934, so as to facilitate the better working of Land Mortgage Banks in the districts of Malabar and South Kanara and I hope that when these amendments become law shortly, the Land Mortgage Banks in the West Coast will show better progress in the future.

There have occasionally been complaints of delay in the disbursement of loans by land mortgage banks. As a business institution the Central Land Mortgage Bank has to satisfy itself fully about the applicant's title and repaying capacity, the value of the security etc. Making allowance for the delay that is inevitable on this account, I trust that every endeavour is being made to minimise all avoidable delay.

Resolutions Passed

The following were among the resolutions passed by the Conference :—

In view of the frequent failure of crops on account of drought, floods, cyclone and pests and in view of the fact that this failure contributes to the indebtedness of the agriculturists and makes them more indebted, this Conference resolves that a compulsory crop insurance scheme be introduced and requests the Government to take the necessary steps in the matter.

In view of the partial failure of the crops in the Central and Southern districts on account of the failure of the monsoon and the recent cyclone in the Northern districts, the borrowers are unable to meet their instalments to land mortgage banks. As it is not possible for the land mortgage banks to give any postponement of the instalments, Government be requested to constitute a Revolving Fund, from which land mortgage banks may draw delinquent instalments on certification by a duly constituted authority.

Owing to the destruction and loss of crops in the areas affected by the recent cyclone, the Central Land Mortgage Bank is requested to waive the condition of collecting penal interest for this co-operative year from such of the primary land mortgage banks which will fall under this zone.

Arrangements for the entertainment of loan applications in unsurveyed zamindari or inam villages may be suggested for further progress of the banks and for helping the ryots.

This Conference requests the Government to drop the idea of recovering the cost of maintaining the C.S.R. and his establishment from the primary banks, as the majority of the banks are working at a narrow margin of profit and are not in a position to pay a fair and decent pay or allowances to their discontented staff, not to speak of any bonus.

This Conference is of opinion that the registration of assignment deeds to the Central Land Mortgage Bank be dispensed with by introducing suitable amendments to the Act and Rules and the mortgage bonds themselves may be got registered in favour of the Central Land Mortgage Bank through the primary land mortgage banks.

Owing to abnormal increase in the expenditure in primary banks due to high cost of living, the enhanced registration charges for the assignment deeds over Rs. 5,000 is a great strain on the slender margin of profit of primary banks. This Conference resolves to request the Government to exempt the primay banks from payment of registration charges to assignment deeds or to show concession as before, as the ground on which the concession was withdrawn does not apply to banks.

Co-operative societies in Rayalaseema, other than primary land mortgage banks, are given exemption from payment of registration fees. Similar exemption from payment of registration fees should be given to the primary banks and their members.

Resolved that Government be requested to relax the conditions of G.O. regarding payment of bonus to employees in primary banks, especially those relating to percentage of owned to borrowed capital and payment of dividend at 5 per cent.

The Registrar may be requested to suggest suitable amendments to the bylaws of the primary banks to constitute a Building Fund.

The Madras Shop and Commercial Establishments Act hampers the work of the bank during inspection times of Co-operative Sub-Registrar and Deputy Registrar and during the period of preparation of annual statements, final audit and other extraordinary occasions. The bank having one Supervisor and one clerk cannot adhere to the hours of office work, both attending to the parties as well as doing posting of ledgers, preparation of returns, statements, etc., as required by the Government and the Central Land Mortgage Bank from time to time. Under such circumstances the Central Land Mortgage Bank is requested to move the Government to exempt the land mortgage banks from the operation of this Act under section 4 (6) (c) as in the case of Reserve Bank of India.

In view of the imperative need to relieve the acute food shortage in the Province, this Conference requests the Government of Madras to grant permission to the various co-operative and land mortgage banking institutions to co-operate with any schemes or corporations that may be formulated or formed for the purpose of manufacturing and distributing any artificial manures, by way of contributing either to the share or debenture capital of any such manufacturing concern, subject of course, to the final ratification by the Government.

SECOND CONFERENCE OF LAND MORTGAGE BANKS, BOMBAY

Held at Bombay on 8th & 9th April, 1950.

Extracts from

The Welcome Speech by Shri Nagindas T. Master, President, The Bombay Provincial Co-op. Land Mortgage Bank.

I welcome you all on behalf of the Bombay Provincial Co-operative Land Mortgage Bank to this the Second Conference of Land Mortgage Banks. It is after ten years that we meet in such conference, the first conference having been held in March 1940. There can be no two opinions about the necessity and utility of such conferences. The Madras Co-operative Central Land Mortgage Bank holds such conferences every year. If the land mortgage bank movement is to reach its full height there should be close co-operation and understanding between the Government, the primary land mortgage banks and the Bombay Provincial Co-operative Land Mortgage Bank as the apex bank. These conferences provide a suitable occasion for all concerned to know the difficulties in the way of the progress of land mortgage banks and discuss the ways and means for removing them. I am of opinion that it is now time such conference be convened much oftener. Time has now come when the land mortgage banks movement can progress with much greater pace, which the achievement of our economic independence and the necessity of self-sufficiency in food so urgently demand and these conferences are of great help in that direction.

Our apex bank serves nearly 2/3rds of our State. Out of the original 18 districts or collectorates, there are primary land mortgage banks in 12 while in some other parts there are financing agencies through which and in some cases directly that the apex bank works. We have, however, not touched even the fringe of the great rural development which has to be accomplished, if agriculture is to reach that standard which prevails in such countries like the U. S. A. I am of opinion that much propaganda is necessary, to bring to the knowledge of agriculturists the facilities which the land mortgage banks afford and a suggestion is made for consideration in that behalf among the points that are to come up before you for discussion. The recently merged areas have to be served and if properly helped the agriculture there will be of very valuable and substantial help to solve our food and raw materials problem. That considerable progress is possible if achievement is well illustrated by the work done by the land mortgage banks in the State of Madras, where the loans issued by the apex bank during the last 20 years aggregate nearly to seven crores, loans aggregating to Rs. 77.73 lakhs having been disbursed in one year alone in 1948-49, and the number of primary banks being 119.

In our State, there is a considerable development for lift irrigation and the question of formation of lift irrigation co-operative societies and financing them is under consideration. Lift irrigation will, at a comparatively much cheaper cost, irrigate many tracts and help the agriculturists, It is essential that a programme be taken in hand for making long-term finance for agriculture available to all credit-worthy borrowers. I understand that this matter is under consideration of the authorities. Some of the ways in which this programme may be carried out may be summarized as under :—

(i) Some of the existing primary land mortgage banks should be so re-organised as to work successfully.

(ii) New primary land mortgage banks in suitable areas should be organised.

(iii) The apex bank should open branches at suitable centres of merged areas and the Government should pay expenses of such branches for some years.

(iv) Taluka land mortgage associations with members holding large areas of land should be started where it is not possible to start new banks. These associations will act as agents of central financing agencies for short term loans and the Bombay Provincial Co-operative Land Mortgage Bank for long term finance.

The Bombay Agricultural Debtors' Relief Act, the Tenancy Act and Co-operative Act need to be considered in the light of the experience of their working and if any amendments thereof be seemed necessary in the interest of agriculture, the same may be considered and suggested.

Among the subjects to be considered by this conference is how to shorten delays in the disposal of loan applications about which there are usually complaints and which hamper the progress and retard the work of land mortgage banks. That some delay is inevitable cannot be disputed. In order that loans may be available in time and that the purpose for which they are taken may be effectively fulfilled, there should be as little delay as possible and I am sure that this will be kept in view by all concerned.

Greater representations on the apex bank, provision for finance for building or repairing old houses or fire proof premises for preserving valuable documents in rural areas, revision of basis of valuation of assets, modification of bye-laws in certain directions, allowing the apex bank to provide long-term rural finance such as tagavi etc., instead of the Government, the question of certifying title to lands in merged areas are among the subjects which deserve to be considered by you.

Our bank is now giving long-term finance to co-operative housing societies and has already sanctioned loans to some five societies. This additional business which our bank has now taken up together with the business of giving long term finance for land improvement will now require much larger amount of moneys than hithertofore. Our bank has so far raised rupees fifty lakhs by debentures. These debentures are guaranteed by the Government and are included among the investment in which trust moneys could be invested. I suggest to the co-operative societies which

may have surplus funds for investment to invest the same in the further debentures which our bank will have now from time to time to issue.

I must, before I conclude, put on record the very valuable assistance which the Government, the Hon'ble Shri Naik Nimbalkar, for some time in the charge of Co-operation and the Hon'ble Shri V. L. Mehta and the Registrar have rendered to our bank and to the cause of agricultural development as also the sympathetic and ever ready hearing they have given. We have in view, several important requests to make to the Government which will be done in due course.

Our President Shri J. A. Madan, besides having held high positions had much to do with the introduction of the system of land mortgage banks in our State. It was he who submitted to the then Government scheme for the institution of land mortgage banks in 1926 which was ultimately approved by the then Government with suitable modifications. We also requested our popular Minister for Finance and Co-operation the Hon'ble Shri Vaikunth L. Mehta to inaugurate this Conference. He is too well known to us all to need any mention of his great work. His achievement as a co-operator, his services to our bank of which he was a director from its inception until his appointment as a Minister, his success as a Finance Minister, his selflessness and self-effacement and humility have rendered him so popular and we deem it our good fortune that we have been able to get the consent of Shri J. A. Madan to preside over and of the Hon'ble Shri V. L. Mehta to inaugurate this conference. I shall now request the Hon'ble Shri Vaikunthbhai to inaugurate this conference.

Extracts from
The Inaugural Address by the Hon'ble Shri V. L. Mehta, Minister for Finance, Co-operation & Village Industries, Bombay.

It is after an interval of 10 years that this conference meets. In Madras, a similar conference has recently held its twentieth session. In Bombay, too, I believe it may be an advantage to have future sessions at intervals not so wide as a decade. The system of land mortgage credit has developed during the last years to an extent and in a manner which certainly calls for more frequent deliberations and discussions, than you have had in the past, among those interested in this growingly important branch of the co-operative movement.

It took some twenty years to discover that the system of co-operative credit, on the Raifeissen model, as it had developed in India was unsuitable for meeting the need for long term agricultural credit either for the relief of debt or for land improvement. It will not be wrong to claim that it was Bombay which was the first to appreciate the need for special arrangements for long-term credit, although it was the Punjab where first a co-operative land mortgage bank was established. It has to be acknowledged, however, that it is only in Madras that the lesson born out of experience has fully gone home. The system of co-operative land mortgage credit as it has developed in that State during the last twenty years is such as can stand comparison with corresponding arrangements obtaining anywhere else in the world.

There is considerable similarity between the structure of co-operative land mortgage banking in Madras and in Bombay. One main distinction lies in the prevailing small size of the primary unit in Madras. The number of such units at the end of 1948-49 was 119 in Madras and 80 in Mysore as against only 15 in Bombay. There are in addition 4 more banks in the recently merged areas. In Bombay there are parts of the State, excluding the recently merged areas, which are still not served by a co-operative land mortgage bank. In most districts, the entire area is covered by one bank. Arrangements are in progress, no doubt, to extend the benefits of land mortgage credit by the opening of branches of the Provincial Land Mortgage Bank or by calling upon the Central and Provincial Co-operative Banks to function as agents of the apex bank. I find that in four districts, district central banks have agreed to undertake this work. Elsewhere some attempts have been made to establish contacts between potential borrowers and the apex bank. The least that needs to be done is to speed up this process. It is only when we have all parts of the State properly served by a specialized machinery for long term credit that it will be possible, effectively, to meet the demand from agriculturists for credit for the redemption of their prior debts as for the finance of works of land improvement.

One of the reasons for the success of the operations of co-operative land mortgage banks in Madras is, I believe, the small size of the primary unit. Unless the size is manageable, the machinery remains co-operative mainly in name, and the institution concerned can scarcely enjoy the advantages of intimate touch and mutual knowledge which are a peculiar feature of any successful co-operative venture. One of the drawbacks of any system of institutional credit is delays involved in the grant of credit. These are reduced where the local agency can establish quick contact with customers. Cost too can be kept down, particularly in respect of the expenses for travelling incurred by land valuers and other investigating officers. Initially, the scale of operations may be smaller, but if the experience of Madras provides any guidance, the uneconomic unit remains the exception.

In any system of agricultural credit, the greater the distance between the central authority and the ultimate borrower, the more costly, irresponsive, dilatory and in a sense hazardous will be the credit operations. The mechanism for land mortgage credit for long term finance has necessarily to be somewhat rigid in its evaluation. Both of security and of repaying capacity, inasmuch as repayments have to be spread over a number of years during which period care has to be taken to ensure that the land or other immoveable property should not depreciate in value and that the title does not get vitiated. Nevertheless, the experience of the Federal

Farm Loan system of the United States—as also of Madras nearer home—indicates that a well-knit system based on local responsibilily yields better results and affords greater security than centralized bodies like agricultural finance corporation, attempting to deal with individulas all over a large région or a big-sized country.

This point of view has significance in considering the respective roles of Government and of co-operative agencies in the provision of agricultural credit of various descriptions. It is true that in recent years there has been considerable expansion in the provision of credit by Government under the Agriculturists Loans Act and the Land Improvement Loans Act. When the President-elect of this Conference and I drew up our report for the Bombay Provincial Banking Inquiry Committee in 1930, the amount involved in such operations was Rs. 18½ lakhs on an average, the corresponding average for the last four years is Rs. 3½ crores. There are two factors responsible for this change in the position. The first is the enactment of legislation for the protection of tenants, the relief of agricultural debtors and the control of money-lending. Anticipating the combined effect of all these laws on the facilities for credit available to agriculturists, Government have adopted a liberal policy in the matter of providing funds for being lent to agriculturists by way of tagavi loans under the Agriculturists Loans Act and the Land Improvement Loans Act. Under the former law, loans have been advanced for crop operations and for the purchase of bullocks and under the latter for the construction and repairs of wells, the purchase of agricultural machinery and for minor works of land improvements.

As part of the "Grow More Food" programme subsidies are also allowed for well construction and repairs and specially favourable terms are offered for tagavi loans for land improvement. Having recognized the place of co operative land mortgage banking in the re-organization of agricultural credit, Government are anxious to avoid taking any action which may have an adverse influence on the work of co-operative land mortgage banks. It is the abnormal food situation of the State that demanded the action that Government took. All the same, Government have agreed that the Provincial Land Mortgage Bank should itself be enabled to provide finance for land improvement on special terms. To that end they have agreed to subsidize the banks to the extent of the difference between the economic rate of interest on loans chargeable by the bank and the rates of interest at which individual agriculturists can obtain loans direct from Government. In consequence, it is satisfactory to find that the apex bank is in a position to grant loans for wells at 3½ per cent and for bunding and for purchase of agricultural machinery at 5½ per cent. Nothing will please Government more than to learn that full advantage has been taken of these new arrangements.

An examination of the objects for which loans have been granted by the apex bank since the commencement of its operations shows that loans for the repayment of previous debts were far in excess of loans for other purposes. Here is the analysis :—

Object.		*No. of loans.*		*Amount.*
Redemption of debts	..	4,079	Rs.	55,87,595
Purchase of lands	...	134	„	2,56,250
Land improvement	...	70	„	1,17,900
Joint purposes.	...	158	„	2,93,925

Special arrangements have recently been devised for the investigation of applications for loans for land improvement. The apex bank has changed its bye-laws to enable it to deal with applications from co-operative societies formed for undertaking schemes of land improvement. Concessional terms have also been offered for such loans. The effect of all these measures will, I trust, be to stimulate increased resort to the primary and apex banks for long term finance for land improvement, the lack of which facility is one of the reasons for the backwardness of the agricultural industry all over India.

Loans for purchase of land are ordinarily made available, I believe only when an agricultural holder wishes to add to his holding to make it an economic unit. The land purchased may be contiguous, but need not necessarily be so. There is, in the circumstances, little likelihood of the facility being misused for indulgence in speculative purchase of land. But, the question has been raised, is the facility such as can be suitably availed of by protected tenants to take over lands from the existing holders in accordance with the provisions in that behalf contained in the Bombay Tenancy and Agricultural Lands Act? I understand that in one district applications for purchase of lands have been received in large numbers and for substantial amounts. The extent to which purchases of land should be encouraged at the present level of prices, the margin of security that should be demanded and similar aspects of the question of provision of finance for land purchase will, I am sure, engage the earnest attention of this conference.

Difficulties arose some years ago in the matter of credit to be provided for the repayment of prior debts because of the coming into force of the Bombay Agricultural Debtors' Relief Act in 1942. To meet the situation a suitable amendment was adopted in 1945. When the law was further revised and re-enacted in 1947, the position remained essentially the same. The progress in the taking over of debts adjusted under the awards passed in accordance with the Act has been slow. A few difficulties are, apparently, still experienced by land mortgage banks in taking over the amounts of the awards. Meeting these difficulties will involve a change in the law. Proposals for such changes will receive, I need hardly observe, sympathetic attention, provided of course the basic structure of the machinery can remain unaffected. The object of the provision is threefold. The adjusted debtors are not left dependent on their old creditors, the

creditors themselves get facilities for recovery of their dues and the land mortgage banks are not cut off from their main line of business. Only such changes in legislation can be contemplated as are in consonance with this threefold aim.

A striking departure has lately been made in the functions of the apex bank. In our country, mortgage credit came to be organized, under Government auspices, for meeting the long term credit needs of the agricultural population. That also has been the line of development followed in most other countries. Recently, however, the apex bank here has undertaken, at the request of Government, to provide long term finance, on the security of the mortgage of immoveable property, to co-operative housing societies in various parts of the State. As part of their own programme of industrial housing, the Government of Bombay have agreed to finance co-operative housing societies, whether for industrial workers or others, in the cities of Bombay, Ahmedabad, Poona, Sholapur and Hubli. In view of the shortage of housing in other urban areas, co-operative housing societies have sprung up also in towns all over the State. These housing societies cannot get long term finance, ordinarily from the Central and Provincial Banks. In view of the responsibility they have assumed for financing the urgent needs of the housing programme in the industrial cities, Government did not desire to extend their direct financial commitments. Hence the call they made on the services of the apex land mortgage bank. To enable it to undertake this work, Government have permitted it to raise a new series of debentures to which they have extended their guarantee in respect of both principal and interest. In addition, a subsidy has been sanctioned so as to secure a reduction in the rate of interest on lendings.

These are all substantial concessions. In response to the facilities granted and in view of the pressing demand for finance from the increasing number of co-operative housing societies, it will not be surprising if long term advances for this purpose will not, even in the near future, exceed the advances of comparatively smaller denomination, granted for agricultural purposes. If this development takes place, it will be necessary for co-operators to consider and for Government to examine whether the two lines of business should not be separated and a housing credit corporation should not be created on the lines foreshadowed in the Bhansali-Mehta Reorganization Report of 1937-38. The need for development and extension of the facilities for cheap long term credit for agriculture is potentially, if not actually, so great that action should be avoided which may have the indirect result of diverting the flow of money from the existing land mortgage credit organization into other channels.

In almost every country which desires to set up and develop a well-ordered system of land mortgage credit, the institutional agency gets the benefit of State-aid in varying degrees. In Bombay apart from the subventions granted at the commencement of operations, subsidies have been allowed in the last few years to the primary and apex banks for management expenses and for engaging staff for land valuation work and work of examination of applications for land improvement. There is variation between the form, scope and extent of assistance granted to co-operative land mortgage banks in Madras and in Bombay. Now that the initial stages of this form of co-operative development have been passed it may not be improper to expect that the need for dependance on Government aid should diminish and need not grow. But while in both States, the land mortgage credit systems have all the while been nourished by Government, it is only recently that in Madras contact has been established with the central Bank of the country. Recognition has come from the Reserve Bank of India by way of approval of the inclusion of the debentures of the Madras Co-operative Central Land Mortgage Bank in the list of securities against which the Reserve Bank of India can grant accommodation or make investments itself. That is no small achievement. The leaders of the movement in Bombay have, I trust, bestirred themselves to secure similar recognition for the apex institution in this State. The moral value of such recognition is, to my mind, greater than the material one.

The quick disposal of applications, the checking of the evil of defaults, the extension of operations in merged areas, the incidence of sinking fund charges, the difficulties involved in the scrutiny of schemes of land improvement, the building up of a qualified well-trained staff, relations with short term credit agencies, security for loans to land development societies, these and similar cognate questions will claim the attention of the conference as also of those associated with co-operative land mortgage banking in Bombay. A lead in these matters has already been given by the venerable President of the apex bank and the conference may expect to get similar wise guidance from the distinguished co-operator, Shri Janardan Madan, who will shortly be installed in the presidential chair. The co-operative movement owes a deep debt of gratitude to these and other respected social workers whose services in the past have been invaluable. I need hardly emphasize that future progress of the movement as a whole—and of its distinct branches such as the one represented by this conference—is almost entirely dependent on its ability to secure a succession of workers to whom service in the co-operative cause is a life's mission.

Extracts From
The Presidential Address by Sir Janardan A. Madan.

We are to-day to survey the situation as it has developed in the course of the last 15 years. There are 15 primary land mortgage banks in the State. Besides, the central co-operative banks at Ahmedabad, Sholapur and Bijapur have agreed to work as agents of the bank for land mortgage finance. The banks advance loans for redemption of old debts, land improvement and purchase of land. As you are aware, the principal object in starting land mortgage banks was to relieve the peasantry from the burden of oppressive old debts. I do not know to what extent land mortgage banks in this State can claim to have fulfilled this purpose. But I find that in 1929-30 when the Bombay Provincial Banking Enquiry Committee made its report it estimated the total agricultural indebtedness of this State without Sind in the neighbourhood of Rs. 63 crores. On the other hand from the figures that have been supplied to me I find that the advances made by the Provincial Land Mortgage Bank for debt redemption till 1949 amounted only to about Rs. 56 lakhs. This, as will be seen, was a small percentage of the total indebtedness of the agriculturists in the Province. The rise in the prices of agricultural produce, the general improvement in the economic condition of the agriculturists and the passing of the Agricultural Debtors' Relief Act in 1939 had no doubt modified the situation, but the part played by the land mortgage banks for debt redemption has not been very considerable. Some people seem to think that the passing of the Bombay Agricultural Debtors' Relief Act in 1939 leaves little scope for land mortgage banks. As a matter of fact land mortgage banks have been given a definite place in the Agricultural Debtors' Relief Act and arrangements have been made in Sec. 33 of the Act for payment of awards against debtors through the Bombay Provincial Co-operative Land Mortgage Bank.

But more important than this business is the grant of loans for land improvement. To-day the energies of the country are bent on the supreme task of achieving self-sufficiency in food-grains. That India is normally dependent on foreign countries for her food requirements may not have been realised till recently by the ordinary citizen but the fact has been apparent to the authorities and to all thinking people for a long time. The Bombay Provincial Banking Enquiry Committee in its report lays great stress on the land mortgage banks undertaking the financing of schemes of land improvement.

I am glad to see there are now some demands for land improvement loans and that in the year 1948-49 out of 247 loans sanctioned, 15 for Rs. 55,575 were for land improvement. I hope the Provincial Land Mortgage Bank, and the primary banks will take energetic steps to popularise long term credit for land improvement. That will give them good business. Moreover it will enable them to make their contribution in the nation-wide campaign for increased production. I understand that a resolution is being placed before the conference recommending that "all State aid for long term finance by way of tagavi or rural development boards loans should be granted through the apex bank, the Government to give all concessions to the apex bank in such loans as it now gives to the agriculturists." I am aware that there is strong support for the view that all State aid under the various schemes such as housing, land improvement etc., should pass through co-operative channels only, and I am sure Government will give due consideration to this matter. Anyway Government have already agreed to subsidise the bank for taking over the financing of land improvement schemes to the extent of the difference in the normal rate of interest on loans of the bank, which is 6 per cent per annum and the rate of interest of Government on such loans as fixed from time to time. Under the scheme the banks can now give loans for wells at 3½ per cent and for bunding and purchase of agricultural machinery at 5½ per cent p. a. to the ultimate borrower. I, therefore, think that instead of waiting for further action on the part of Government it is now up to the authorities of the land mortgage banks to take the necessary steps for popularising various schemes for land Improvement and to make credit available for such schemes.

As the business of debt redemption of agriculturists has very much diminished in recent years on account of the passing of certain legislation, our land mortgage banks have to find other avenues in which they can invest their long term capital. One such avenue would be machinery, especially machinery like tractors for agricultural purposes. Here, however, our societies will have to be very careful as without expert guidance both from the mechanical and financial points of view they may easily be put to loss. Several people in foreign countries have burnt their fingers by investing in such machinery and unless the Government departments concerned are prepared to help and Government are to a certain extent prepared to give the necessary guarantee our societies may also come to grief. But the experiment under proper control is worth trying,

Another way for which long term capital is needed and can be utilised for the benefit of people is loans for housing societies. The Provincial Land Mortgage Bank has recently amended its bye-laws so as to enable it to give loans to housing societies. A number of housing societies have been organised in Bombay and other important cities like Ahmedabad and Poona. They need long term loans, and as land mortgage bank is the only co-operative institution specialising in long term finance the bank may expect considerable business in this line. I understand that the Provincial Land Mortgage Bank has since amending its bye-laws advanced loans to 5 housing societies. There is scope for more work in this direction. But as this is a new activity I hope the bank will handle it with due caution.

There is one matter which I may frankly admit has been weighing on my mind. I have deliberately kept it last because it is some thing in which we Bombay workers make a poor show indeed. As you are aware, the land mortgage movement has made considerable progress in the sister State of Madras. As against our 15 primary banks Madras has 119 primary banks. Our total lendings up to 30th June 1949 came to Rs. 62,56,000 only while the Madras bank has so far advanced loans to the extent of Rs 6,43,27,000. Only during last year the Madras bank advanced loans to the extent of Rs. 78 lakhs which is much more than the amount advanced

by us in 15 years. The following comparative table is an eloquent commentary on the situation :—

	Madras			Bombay	
Year.	No. of Loans.	Amount in lakhs. Rs.	Year.	No. of Loans.	Amount Rs.
1942-43	1,714	23.65	1942-43	298	3,94,870
1943-44	1,283	18.24	1943-44	169	2,27,450
1944-45	1,307	24.77	1944-45	280	3,61,825
1945-46	2,218	42.78	1945-46	252	3,81,500
1946-47	2,502	47.67	1946-47	275	3,89,761
1947-48	3,061	61.55	1947-48	122	1,88,652
1948-49	2,682	77.73	1948-49	247	4,79,280

As agricultural conditions in the two States of Madras and Bombay are very similar as also the over-all development of the co-operative movement, it is difficult to account for the wide divergence in achievement. It is true that the Madras Government has been helping the land mortgage movement considerably. Three Deputy Registrars'and 36 Co-operative Sub-Registrars are attached to the Central Land Mortgage Bank. Government, however, meets only half the cost of the Sub-Registrars and the full cost of the Deputy Registrars and their staff and all charges connected with their offices are met by the Central Land Mortgage Bank itself. Knowing the Government of Bombay as I do and their readiness to meet any reasonable demand when presented as evidenced in the various facilities they have so far given to the Provincial Land Mortgage Bank I am reluctant to hold Government assistance or absence of it as in any way responsible for the difference in the two States. As with Government aid so with the Reserve Bank of India there is hardly any difference in its attitude towards the two States. The Madras Land Mortgage Bank being an older institution and its debentures having already established their status in the money market the Reserve Bank of India offered to invest its own funds up to 10 per cent in the issue of the last two series of debentures. The Bank, however, utilised this offer to a lesser extent as the debentures were otherwise fully subscribed. The Reserve Bank of India may be requested to extend similar facility to our Provincial Land Mortgage Bank.

Ofcourse, I am not against State aid to co-operative societies. Institutions particularly of the type of land mortgage-banks have a legitimate claim on the funds of the State. It may be we have a case for a larger measure of State assistance than we have been getting hitherto. I feel, however, that I shall be failing in my duty if I do not emphasise the need for energetic action at our end. I believe the conference will have justified itself only if as a result of its deliberations we are able to devise ways and means so as to step up our progress and even if we do not come up to the Madras standrad at any rate we do not lag so far behind.

Resolutions Passed

The following resolutions were passed at the conference:

As land mortgage banks are primarily concerned with the development of rural areas, this Conference strongly urges that Government may give representation to the Bombay Provincial Co-operative Land Mortgage Bank, on the Provincial Rural Development Board and the primary land mortgage banks on the District Rural Development Boards.

This Conference strongly recommends that the debentures issued by the Bombay Provincial Co-operative Land Mortgage Bank, be considered as approved securities by the Reserve Bank of India for accommodation from the Reserve Bank and urges that the latter should invest its funds, amongst other securities, in the debentures of the Bombay Provincial Co-operative Land Mortgage Bank as and when they are issued.

This Conference is of opinion that in order to shorten delays in the disposal of loan applications the following measures be adopted :—

(i) The Registrar may issue a leaflet in regional languages giving all particulars and instructions about the information to be supplied with the loan applications.

(ii) Government be requested to issue instructions to Collectors to ensure prompt supply of certified copies of Record of Rights to applicants for loans from land mortgage banks and to call for returns from Mamlatdars showing all cases in which copies have not been supplied by Village Officers or Taluka Officers within a fortnight of the date of receipt of application for such copies.

(iii) District Agricultural Officers need not be consulted in all cases of land improvement loans, but the Assistant Registrar may in some special cases invite their opinion if necessary.

(iv) After the appointment of a Deputy Registrar of Land Mortgage Banks, no reference to Assistant Registrar need be made.

(v) The Apex Bank should ordinarily dispose of all loan applications below Rs. 4,000 within a fortnight, and loan applications above Rs. 4,000 within a month.

(vi) Approved primary land mortgage banks and central financing agencies doing the work of primary land mortgage banks should be authorised by the Registrar, in consultation with the Apex Bank, to sanction loans up to Rs. 2,000 to the applicant for purchase of land or for sinking or repairs of wells.

The application of the Bombay Agricultural Debtors' Relief Act and certain other similar legislative measures, while otherwise beneficial, has hampered the business of land mortgage banks and a time has now come when Government should come forward with further liberal grant of help to the Apex and Primary Banks during the period of transition for :—

(i) Opening of branches of the Bombay Provincial Co-operative Land Mortgage Bank in areas where there are no primary banks,

(ii) Employment of technical staff for propaganda in the merged areas of Bombay State,

(iii) Free services of Land Valuation Officers to the banks,

(iv) Contribution towards the managerial expenses of the banks.

This Conference requests the Government to appoint a Deputy Registrar solely in charge of Land Mortgage Banks with head-quarters in Bombay who will

(i) supervise, guide and improve their working ;

(ii) scrutinise loan applications and forward them to the Apex Bank ;

(iii) negotiate with the Revenue Officials of the merged States and ascertain the proper record of rights of farmers there so as to avoid delay in grant of loans by the Apex Bank ;

(iv) promote the organisation of irrigation societies, fencing and bunding societies, fruit growing societies etc.

This Conference recommends that the present basis of computation of valuation of assets of the applicants for loans on the basis of prior sales needs revision and the basis of such revision may be considered by the Registrar in consultation with the Apex Bank.

This Conference recommends that all State-aid for long term finance to the agriculturists by way of Tagavi through Government Department or Rural Development Boards should be granted through the Apex Bank.

This Conference recommends to the Apex Bank to so alter its bye-laws (election rules) that each primary bank and each central financing agency doing the work of primary land mortgage bank may have an opportunity by turn to have its representative on the Apex Bank as a director.

This Conference recommends that the Apex Bank and primary banks may consider the desirability of effecting necessary change in their respective bye-laws to enable these banks to give extension of time for payment of loan instalments in special cases such as scarcity, famine etc.

As in some merged areas records of rights are not kept on lines of the Bombay State and will take some time to be so brought this Conference recommends that title certified by Revenue Officials may be accepted.

This Conference is of opinion that the application of Section 63 of the Tenancy Act to Co-operative Land Mortgage Banks is likely to prejudice their land mortgage business as it prevents the banks from taking possessory mortgages of land without Collector's permission and requests the Government, to exempt land mortgage banks from the operation of the Section in this respect.

EXTRACTS

THE FUTURE OF (INDUSTRIAL) PRODUCERS' CO-OPERATION IN GREAT BRITAIN

By

PROFESSOR G. D. H. COLE

The producers' co-operative movement in Great Britain is small indeed beside the vast consumers' movement; and not many besides those who are actively engaged in it give it even a passing consideration. For most of the leaders of co-operative opinion in Great Britain, the producers' movement is merely a tolerated fellow-traveller, occupying a humble seat in the great rumbling coach of co-operative progress, and so little regarded that most of them would hardly notice if it fell off or pause to be at the trouble of picking it up. A few factories, organised in the Co-operative Productive Federation, are recognised as producers of boots, garments, and a few other miscellaneous kinds of consumers' goods. They sell their products mainly to the consumers' societies, and their management is in the hands, not of their workers alone, but of mixed boards which also represent the owners of their capital—mainly, again consumers' societies. There have been, for a long time past, very few new recruits to this small band of producers' co-operatives; and any proposal to increase either their number or their scale or range of services to any considerable extent would, I think, encounter the hostility, not only of the wholesale societies, but also of a high proportion of the managers and committee members of the local consumers' societies and of the national leaders of the British co-operative movement as a whole.

This relegation of producers' co-operation to a quite minor position in British co-operation is, of course, the outcome of a long historical process. The great battle between consumers' and producers' co-operation was fought out in Great Britain between 1850 and 1880, and ended in the near-eclipse of the producers' movement. There was a small revival in the 1890's, largely under the influence of Thomas Blandford; and the producers' movement of to-day is in the main the product of this revival, though some of the existing producers' societies have a much longer history. But the efforts of Blandford and of the Co-operative Productive Federation never availed to make more than a very small impact; co-operative production under consumers' auspices grew very much faster, in the hands both of the wholesale societies and of federal societies controlled by the local stores, and a number of producers' societies were either taken over by the wholesales or converted into productive societies entirely controlled by the bodies which provided their capital—to the complete exclusion of any element of workers' control. J. T. W. Mitchell, was an 'out-and-out exponent of the principle of "consumers' control." He was able to defeat almost wholly the little band of co-operative idealists headed by E.V. Neale and G. J. Holyaoke who sought to uphold the workers' claims to a measure

of self-government and participation in the gains of co-operative enterprise. . . . . *He* could contrast the consumers' movement's record of continuous success and growth in times of good and of bad trade alike with the chequered history of producers' co-operation, which had repeatedly grown fast in periods of booming trade only to be knocked firmly on the head whenever boom gave place to depression. It had happend so in Owenite days and again in the 1850's, when the Christian Socialists played a leading part on the producers' side; and it had happend most and sensationally of all in the 1870's, when an extraordinarily rapid development of producers' co-operation, backed by much Trade Union support, had been followed by wide-spread collapse and dissolution in the ensuing slump. Thereafter Trade Unions ceased, save very occasionally, to take any interest in producers' co-operation until, after the first world war, it revived in a new form in the Guild movement, especially in the building industry, only to be crushed yet again by the depression and deflation of 1921 and the following years. . . . . Contrasted with the very successful record of consumers' co-operation, there has been a tendency to write off the producers' movement or, at most, to regard it as a poor relation, to be allowed to occupy an insignificant position provided that it does not cause any trouble or set itself up in effective rivalry with its "betters."

CHANGED CIRCUMSTANCES

This is not surprising; but it should be borne in mind that conditions have changed *recently* in two respects. . . . . *Firstly,* the maintenance of full employment has now come to be both a primary objective of economic policy and a sheer necessity if the British standards of living are to be sustained; and it has also been recognised as an international objective, to which the Governments of the countries forming the United Nations are formally pledged—though not all of them are, in fact, living up to their pledges. I am not saying . . . there is no longer any danger of a major slump in any capitalist country—we are all too much under the influence of what, happens in the United States, and the outlook there is still too uncertain for any such claim to be made. There is, however, a much better chance than ever before of the conditions that lead to deep depressions being at least competently enough controlled to mitigate their force; for the techniques needed for this purpose are now much better understood in America as well as in Great Britain. There is accordingly, to say the least, a greatly improved chance that an expanded producers' co-operative movement would not be swept away by the advent of a major depression before it had been allowed time to find its feet.

Secondly, it is now a great question what is to be done to replace capitalism as a form of industrial enterprise over a wide range of productive business that does not lend itself easily either to nationalisation along the lines hitherto followed or to transfer to co-operative control by the consumers' movement. It has been a relatively simple matter to nationalise the great basic services such as coal-mining, railways and canals civil aviation, gas and electricity. . . . . But even the plan for nationalising the steel industry—which is a relatively simple case—has made it evident that, when it is a question of the public taking over a great manufacturing industry, no easy line can be drawn between the enterprises it is desirable to nationalise and those it is preferable to leave outside the scope of a unified public concern. The line may need to be drawn in various ways in different cases—so as to let alone firms of less than a certain size, so as to exclude firms which overlap into other industries, or so as to take over certain key sections of an industry which are dominated by anti-social monopolies or are in special need of reorganisation and re-equipment if they are to do what is required of them in the national interest.

Are firms which, on one or another of these grounds, are excluded from nationalisation schemes to be left under capitalist control? Or should some of them, at any rate, be reorganised on a basis which is consistent with the social outlook of a democratic society which repudiates capitalist profit as a desirable incentive to investment and production? It is surely, at the least, worth considering whether, in a society pursuing democratic aims and seeking to democratise its industrial as well as its political structure and to find regular employment for all its productive resources, there may not be a much bigger place for producers' co-operation than there has been in a capitalist society dominated by the alternation of booms and slumps and therefore peculiarly unfavourable to ventures which have offered neither the lure of excessive profits nor the security that is some compensation for the acceptance of moderate returns on capital.

SCOPE FOR PRODUCTIVE CO-OPERATION

Can we look to the steady extension of co-operative production under the control of the consumers' movement? The productive activities of the wholesale and federal societies and of the retail consumers' societies have developed as responses to the needs of the consumers' societies and to the existence of a ready market in which their products could be sold without so much fluctuation of demand as to upset the steady routine of output and employment. Production under consumers' control must always follow, and can never to any great extent lead, the market provided by the local co-operative stores. It is bound to be dominated by the production of finished consumers' goods and services for which there is a regular and assured demand among co-operators. It cannot easily reach back from the final to the earlier stages of production except where the market for the final product is very extensive or the earlier processes do not call for production on a large scale. There is, in effect, no prospect that for a long time to come co-operative production under consumers' auspices will extend far outside the range of fairly standardised consumers' goods for sale in the retail stores. There is, however, as far as I can see, no reason at all why the State should not set out in Great Britain—as it has done to some extent in a number of other countries—to encourage co-operative producers' societies in branches of production round the edges of, or

closely related to, sectors of industry that have been, or are being, brought under one form or another of public ownership—*for example* the production of gas and electrical equipment, the making of special steels . . . . the manufacture of aeroplane and railway components, the printing and manufacture of official forms, stationery and office furniture, outfitting of the armed forces and of other uniformed public servants which has been for a long time an important activity of the producers' co-operative movement in France. Nor do I see why we should not have, in Great Britain, producers' co-operatives for the execution of public works, such as bridge building, land clearance and preparation of housing sites, road work and other constructional jobs—forms of activity which have long been important in the producers' co-operative movement in Italy, as well as in France.

. . . . Of course, no such expansion as I have in mind can come about without a large investment of capital, and there is no prospect at all of the consumers' movement doing more than a little towards providing the money, both because there is a certain measure of antagonism to "producers' control" in the consumers' movement, and because projects of investment in producers' societies would present themselves to some extent as rivals to proposed developments of production under the auspices of wholesale or federal consumers' societies. No rapid expansion of producers' co-operation can come about unless the State decides deliberately to help the movement, by giving it at least as good help as is given to private firms which wish to establish themselves on industrial trading estates or apply for financial assitance by way of loan to the special investment agencies set up to foster the growth of small and medium scale private enterprise. . . . . I should like to see the State providing not the whole of the capital for such ventures, but enough to encourage the provision of the remainder by trade union, by consumers' co-operatives, and by individual sympathisers, as at present in the societies affiliated to the Co-operative Productive Federation.

This would mean that the new producers' societies, like most of those already at work in Great Britain, would be, not pure examples of "producers' control," but mixed enterprises in which the various capital-contributing agencies, and perhaps the principal customers as well, would share the control with the workers employed, who would also be encouraged to become shareholders. I know it has often been argued that it is bad economics for workers to invest their savings in the business on which their wage-incomes depend; and so it is, where such businesses are liable to sharp cyclical fluctuations in the demand for their products. This argument, however, loses much of its force when full employment is recognised as a public responsibility. Even so, I would sooner see the workers' investment dependent not on the fortunes of a particular factory, but rather of a group of producers' co-operatives which would provide a pool of funds for investment in the various societies and would pay a dividend based on the collective earning of the entire group. The old idea of using the workers' investment in order to give him a profit-incentive in promoting the success of his own factory is not really valid: incentives to higher output and efficiency should be related to wage earnings and not to the return on invested savings. The poor man who saves needs, above all, security of return, not fluctuating profit; and the incentive to be derived from a small holding of capital in the firm which employs him has been shown by experience to be too weak to be taken as of any real account.

.... Hardly anyone outside the small circle of the Co-operative Productive Federation (and not too many even inside it) is thinking seriously about the future of producers' co-operation, or is disposed to take much notice of its claims in considering the relative spheres of nationalisation and of consumers' co-operative enterprise. Nor is real consideration likely to be given to the matter until a Labour Government with a renewed mandate has come nearly to the end of the industries and services which it can nationalise on the familiar lines and has to face the question of devising satisfactory forms of business structure for enterprises which it wishes neither to take into its own hands nor to leave in the hands of capitalist profit-seekers. Nor will the time come for a big advance until the Trade Unions, having measured the advantages and limitations of what is called "joint consultation" in industry, come to face the question what is to be done in order to pass from mere consultation to some measure of real joint control, especially in industries or businesses which seem unsuitable either for nationalisation or for taking over by the consumers' co-operative movement. When, however, these situations are reached, I am hopeful that producers' co-operation will become again a strong claimant to succeed to a part of the inheritance of capitalism; and, though that time be not just yet, I feel sure it is by no means too soon to begin thinking afresh about the whole question and persuading the leaders of the Labour Party and of the co-operative movement not to leave the claims of producers' co-operation wholly out of account. I wish, for example, that the Co-operative Union had given some thought to this question in drawing up its recent report on "The Co-operative Movement in a Collectivist Economy;" and I hope that the recent establishment of an international federation representing the producers' societies in a number of countries will lead to clearer constructive thinking about the place of producers' co-operation both in Great Britain and elsewhere.

—*Review of International Co-operation*, April 1950.

NEWS AND VIEWS

The Government of Mysore, having recognised the utility of co-operative *farming societies*, have accepted the principle of starting such societies at the rate of one society in each of the districts and sanctioned a sum of Rs. 1 lakh towards financial assistance to these societies, as part of the Grow More Food campaign. The Co-operative Department has already organized four co-operative farming societies, two in Holalkere Taluk in Chitaldrug District, the third in Closepet Taluk and the fourth in Hunsur Taluk. The Department of Animal Husbandry has also released Amritmahal Kaval lands and placed them at the disposal of the Registrar of Co-operative Societies for the purpose of organizing co-operative units in these kavals.

* * *

The Government of Bombay set up village food committees as a measure for stimulating interest of the agriculturists in the Grow More Food campaign. In villages where co-operative societies are working, managing committees of agricultural co-operative societies would function as village food committees. The co-operative societies as organized bodies of agriculturists will be thus enabled to play their part in furthering the Grow More Food programme of the Government.

* * *

The Government of Bombay have placed at the disposal of the Registrar of Co-operative Societies a sum of Rs. 4 lakhs for grant of loans and subsidies to co-operative societies for the execution of lift-irrigation schemes undertaken by them. The Registrar is authorised to grant to a single society a loan upto Rs. 10,000 towards the cost of machinery and other equipment including installation and a subsidy not exceeding Rs. 10,000 and an additional loan not exceeding Rs. 5,000 for cutting canals, laying pipes and pipelines, constructing drains, siphons, culverts etc. The total amount of Government assistance to a single society shall not exceed Rs. 25,000, nor the conditions relaxed without prior approval of Government. The Registrar is empowered to sanction the schemes extending irrigation over not more than 100 acres. The total amount allotted by the Government for the schemes is Rs. 20 lakhs. It was decided that big cultivators should not be allowed to benefit by the schemes subsidised by Government.

* * *

The Government of Bombay have announced their readiness to grant loans to purchase and sale unions, multipurpose societies, farming societies and taluka development associations, upto 60 per cent of the cost of purchase of tractors bought with Government approval at 4 per cent interest. The loans will be repayable in six annual instalments and the tractors purchased from the Government loan and the general assets will be security for the loan. The total amount set apart for the purpose for the years 1949-50 and 1950-51 are Rs. $1\frac{1}{2}$ lakhs and Rs. 3 lakhs respectively.

* * *

About 1,500 *kanals* of land have been placed at the disposal of the Co-operative Department, in Jammu and Kashmir, where a co-operative farm on an experimental basis has been laid out. The authorities are providing facilities, at this co-operative farm, for subsidiary industries which would keep the farmers engaged throughout the year.

* * *

The co-operative societies in Uttar Pradesh registered a nine-fold increase in their number – from 4,865 in 1947-48 to 37,132 by December 1949. The number of members rose to 26 lakhs and their working capital to Rs. 14 crores. The 18,000 multipurpose societies distributed about 10.47 lakh maunds of seed. The consumers' societies numbering 225 with a membership of 2,90,000 sold goods worth over Rs. 6 crores during 1949, while their average turn-over now amounts to Rs. 110 lakhs. In 40 towns the distribution of rationed food-grains is entirely under the management of stores. The sugarcane societies with a membership of nearly a million cover about 20,000 villages. They supplied nearly 90 per cent of the sugarcane valued at about Rs. 20 crores to factories. They also distributed 25 lakh maunds of new seeds, 7 lakh maunds of fertilizers and a large number of improved implements. Three hundred and fifty societies for consolidation of holdings consolidated about 1,60,000 acres of land during 1949.

* * *

Hon'ble Sri K. M. Munshi, Food Minister, Government of India, outlining an eight-point scheme for self-sufficiency in food said that wherever a private individual or a co-operative society wishes to construct tube wells, a consoliated permit should be given for the immediate supply of all essential materials required for tube-well construction, without the necessity of going from department to department.

* * *

Mr. J. C. Ryan, Registrar of Co-operative Societies, Madras, left Madras on the 29th June, to tour the Far Eastern countries as a Consultant of the F. A. O on co-operation. He will spend 10 days in Ceylon, three weeks in the Phillipines and three weeks in Thailand. He is expected to make a study of the economic conditions obtaining in these places and render their Governments such assistance as they might need. In particular, he will endeavour to implement the resolutions passed by the Co-operative Conference held at Lucknow during September 1949, under the auspices of the F. A. O., on rural upliftment through co-operation. He will make a report to the F. A. O. on rural development through co-operation in Southeast Asia.

* * *

Dr. Rajendra Prasad, President of the Indian Republic, speaking at a meeting in Delhi, said that the salvation of the country lay in a more intensified effort to organize agricultural production on co-operative lines. He urged the leaders of the co-operative movement to devote greater attention to the problem of extending the principles of co-operation to the field of agriculture. He added "the poor Indian cultivators should be provided with modern implements and a more abundant finance by co-operative societies and similar other bodies, if the yield per acre is to be increased and the country saved from the ever-present shortage".

The Conference of Chief Ministers of States and Presidents of Provincial Congress Committees, convened by the Congress President, adopted nine resolutions on various subjects relating to planning. Importance of the organization and development of a decentralised co-operative economy was stressed in more than one resolution. The resolution on compulsory savings, in so far as it relates to co-operation, reads "Maximum facilities should be given to multipurpose co-operatives, which are to be started in a planned manner on a nation-wide scale, to canalise the surplus of the countryside. In order to make the co-operative organization a fit instrument for this purpose, it is imperative to reorganize the co-operative movement and to introduce a definite policy of subsidy by the State. There should also be a programme under which persons who are well placed in life might regularly put a certain percentage of their income into the shares of co-operative societies." The Conference suggested that at the basic level, three institutions should operate on a functional basis to formulate and execute the programme of development, namely, the village panchayat, multipurpose co-operative and the industrial co-operative.

* * *

India was represented at the International Federation of Agricultural Producers' Conference held at Stockholm (Sweden) in May. The issues that were considered by the Conference included (i) Role of co-operatives in national and international marketing and manufacture and distribution of agricultural implements and machinery; (ii) An international centre for co-operative education; (iii) Agricultural credit, rural housing and agricultural workers' organization and working hours and social security to farmers and agricultural workers.

* * *

The Government of Madras have sanctioned a scheme for poultry farming with a view to improving the egg production and to arrange for the marketing of eggs. The scheme is to be worked out by the Madras Co-operative Milk Supply Union through its feeder societies in three stages specied below: (1) Collection of eggs through selected feeder societies and transport to the Union office at Ayanavaram through milk supply vans and distribution to depots and local sales through the salesmen appointed for the purpose. (2) Improving the egg production by the supply of cocks of exotic breeds, purchased from the Government Poultry station at Teynampet to members of the milk supply societies, interested in poultry farming, for covering country fowls and (3) introduction of hatching with incubators in order to produce rapid results.

* * *

The decision to form a Central Co-operative Handloom Weavers' Society was taken at a recent general-body meeting of the co-operative weavers' societies in Hyderabad, numbering 180 with a membership of fifty to sixty thousand. Each share of the proposed society is to be of the value of Rs. 1,000 and the constitution provides that a society can purchase a maximum of fifty shares. The meeting called upon the societies to purchase shares at the rate of one for every Rs. 5,000 of share capital held by them.

Sir Thomas Gill, President of the International Co-operative Alliance and the English Co-operative Wholesale Society, has received a Knighthood in the King's Birthday Honours Awards. Mr. Howard A. Cowden, President and General Manager of Consumers' Co-operative Association, Kansas City, has received the honorary degree of Doctor of Laws of St. Francis Xavier University, Antigonish.

Sir Thomas Gill, the son of a stationmaster, was in the railway service for many years, and from 1919-1932 was President of the Railway Clerks' Association. Joining the C.W.S. Board in 1932, Sir Thomas was elected President in March, 1948, and was doubly honoured in the following autumn by being elected President of the I.C.A. at the Prague Congress. Sir Thomas was one of a delegation of five British co-operators who visited Moscow towards the end of the last war, and in 1949 received the highest honour of the British Co-operative Movement, that of Congress President.

Dr. H. C. Howard A. Cowden, President and General Manager of Consumers' Co-operative Association, Kansas City, U.S.A., was awarded on 24th May, 1950, an honorary degree of Doctor of Laws by the St. Francis Xavier University, Antigonish, in recognition of his leadership in the U.S.A. Co-operative Movement.

* • *

The Mysore Provincial Co-operative Institute, Banglore, which completed on the 27th September 1949 twenty-five years of service to the movement, celebrated its Silver Jubilee on the 29th April 1950 under the presidency of Sri M. A. Gopalaswamy Iyengar.

• • •

The XIV All Coorg Provincial Co-operative Conference was held at Mercara on the 17th May 1950 under the presidency of Sri B. Venkata Ratnam, President of the Madras Co-operative Central Land Mortgage Bank.

• • •

The Mysore State Co-operative Seminar was held at Nanjangud from the 3rd to the 13th May, under the auspices of the Department of Co-operation, Mysore and the Mysore Provincial Co-operative Institute. Sri S. Srinivas, President of the Institute welcomed the delegates. The Chief Minister of Mysore inaugurated the Seminar and the Valedictory address was delivered by the Hon'ble Home Minister of Mysore.

* * •

The 26th Session of the Bihar Co-operative Federation Congress was held at Jamshedpur on the 20th May 1950 under the Presidency of Shri Syamnandan Sahay, Chairman of the Bihar Provincial Co-operative Bank. Sir J. J. Gandhy inaugurated the Session. An Exhibition of co-operative and village industries' products was held at the time. It was opened by Sri Dip Narayan Sinha, President of the Bihar Co-operative Federation.

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

Established 1914.

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

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

Deposit rates:—

Fixed deposits for 1 year—1¾% per annum.
Savings Bank accounts—1½% p.a. on minimum monthly balance.
Current accounts—½% p.a. on daily balance.
Detailed rates regarding deposits will be supplied on application.

S. S. PRASAD,
Secretary

V. S. AKSHAURI.
Managing Director.

THE

Mysore Provincial Co-operative Apex Bank. Ltd.

No 1, Hardinge Road, Chamarajpet, Bangalore City.

(Member of the Bangalore Bankers' Clearing House)

PRESIDENT:
Sri S. Srinivas, F. R. H. S.,

SECRETARY:
Sri S. Rama Rao, B. A.,
(Asst. Registrar of Co-operative Societies)

		Rs.
Authorised Share Capital	...	7,00,000
Subscribed Share Capital	...	4,26,100
Paid up Share Capital	...	3,21,137
Deposits	...	33,21,107
Reserve and other Funds	...	5,22,269

Fixed, Current, Savings Deposits and Thrift Certificates are accepted.

On Fixed Deposits Interest ranging from 2¼ per cent to 4 per cent is allowed and for sums exceeding Rs. 10,000 deposited at a time, ¼ per cent per annum over the normal rate is allowed.

The Bank deals with mainly Co-operative Societies registered under the Mysore Co-operative Societies Act and issues Cash *Credits*, *Overdrafts* and *Housebuilding* loans. Advances to Non-members on the security of Fixed Deposits upto 85 per cent and on Mysore State Loan Bonds, Debenture Bonds and approved Gilt edged Securities upto 80 per cent are allowed.

The Madras Provincial Co-operative Bank, Ltd.

***Head Office*:—379, Netaji Subhas Chandra Bose Road, Madras.**

Balance Sheet as on 30th June, 1949.

		Rs.			Rs.
Capital	...	14,64,200	Cash	...	16,30,280
Reserves	...	49,92,234	Investment in Govt.		
Deposits & Borrowings.		87,32,711	Securities	...	2,31,13,047
Sundries	...	6,33,174	Other investments	...	2,88,500
Profit & Loss A/c.	...	4,16,113	Loans and Overdrafts		6,05,53,752
			Sundries	...	6,52,853
Total	...	8,62,38,432	Total	...	8,62,38,432

Analysis of Working.

		Year ending 30th June			
		1946	1947	1948	1949
		Rs.	Rs.	Rs.	Rs.
Paid up Capital	...	6,81,700	6,95,500	8,98,900	14,64,200
Reserves	...	41,71,540	43,15,582	44,99,120	49,92,234
Fixed, Current and other deposits	...	3,50,97,017	5,42,41,992	5,60,53,821	3,90,50,026
Net Profit	...	2,40,422	3,16,375	4,61,321	3,60,16[illegible]
Amount transferred to Reserve Fund	...	1,00,000	1,50,000	1,50,000	1,25,000
Other Accounts	...	68,455	84,320	2,14,526	1,14,000
Dividend at 9 per cent.		61,302	62,015	67,677	99,529
Carried Forward	...	42,229	46,195	55,146	57,373

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