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INDIAN CO-OPERATIVE REVIEW

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The Madras Co-operative Central Land Mortgage Bank, Ltd.,

Luz, Mylapore, Madras.

President :

Sri Bhogaraju Venkataratnam.

Authorised Capital	... Rs. 20 lakhs.
Paid-up Capital	... „ 14,32,300.
Reserves	... „ 25,82,845.

The Bank is the Apex Co-operative Bank for long-term agricultural credit and issues debentures on the security of first mortgages transferred to it by Primary Land Mortgage Banks and its assets.

The principal of and the interest on these debentures are guaranteed by the Government of Madras. They are **Trust Securities** and are also approved securities under the Insurance Act, 1938. **A Redemption Fund (Sinking Fund)** is constituted to pay off the debentures on maturity.

Summary of Balance Sheet as on 30-6-'50.

Liabilities.	Rs.	*Assets.*	Rs.
Paid-up Share Capital ...	14,32,300	Cash on hand and balance with Banks ...	17,251
Reserve and other Funds...	25,28,845	Loans to Primary Banks ...	3,88,32,224
Debentures ...	4,39,31,700	Sinking Fund Investments...	83,48,530
Deposits, Loans and Overdrafts ...	31,97,937	Other Investments ...	42,07,098
Sundry Liabilities ...	5,89,516	Sundry Assets ...	6,78,457
Profit ...	3,49,262		
Total ...	5,20,83,560		5,20,83,560

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

We are Proud to be a Part of The Co-operative Movement

Since the end of War, the Co-operative Movement in India has reflected a steady growth in membership, number of Societies and volume of business. Statistics released recently on Co-operative operations for the year ending 30th June 1949, reveal that the number of Co-operative Societies has gone beyond 13,000 in Bombay State alone.

Membership of our Society as on 31-12-'49 has reached over 23,000, and the business in force has reached over Rs. 3,57,00,000.

Please Assist us to Further Expand our Business in 1950.

For Life Insurance, Please Consult.

THE BOMBAY CO-OPERATIVE INSURANCE SOCIETY, Ltd.,

Sir Pherozeshah Mehta Road,

Fort, BOMBAY.

THE INDIAN CO-OPERATIVE REVIEW

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CONTENTS

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 acknowledgment.

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.

Subscription per annum Rs. 8.

ALL INDIA CO-OPERATIVE DAY, 4th NOV. 1950,

Message by Prof. H. L. Kaji,

President, Indian Co-operative Union.

On the occasion of the *All-India Co-operative Day, 1950,* I offer, to all workers in the cause and to all subscribers to its ideology, my fraternal greetings.

Two World Wars have been unable, it appears, to make States and statesmen realise that the only way to progress and development of mankind is through Co-operation and not by wading again and again through the horrors of titanic destructive forces, which science and unbridled ambition let loose upon the world. The pursuit of dominance, whether political or economic, is fraught with the gravest danger and can only lead to an armed clash between competiting blocs.

Co-operators have always believed in the subordination of the individual to the common good and in peace and harmony. Antagonisms, aggrandisements and aggression are all foreign to Co-operation which desires peaceful evolution and good fellowship.

The world to-day presents a strange picture of a World War in miniature being fought out in Korea. The Far Eastern policy of America and West European Countries came in clash with the spreading influence of the Communist cult and we can only hope, that the war may be localised and not embroil the whole world.

India has chosen the right path - that of active neutrality While recognising North Korea as the aggressor, India refuses to be drawn into the struggle, but offers its mediation for an amicable settlement. Co-operators, it is up to you to range yourselves behind Government and pursue the path of peace, progress and prosperity through Co-operation and avoid militant economic imperialism and insiduous Communism.

On this, the All India Co operative Day, you will do well to reaffirm your faith in the co-operative ideology, stand up for peace, resist exploitation from above, listen not to the lavish promises of the Communist and work for your uplift through your society and contribute to peace, harmony and ordered progress in the State.

The present times are very propitious for the development of Co-operation. Industrial civilisation and capitalism have reached their high water mark in America. Communism has reached its high water mark in Russia It is for India to show that a Co-operative State. a State where Industry, Commerce, Agriculture and Transport based on principles of co-operative economics, can succeed better and attain its goal of a "Co-operative Commonwealth."

Arise, strive, work your societies with vigour and you will have done your duty to yourself and to your country.

THE INDIAN CO-OPERATIVE REVIEW

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EDITORIAL NOTES

The Report of the Rural Banking Enquiry Committee, set up by the Government of India in November 1949, has been published.

Rural Banking Committee Report

We extract elsewhere in this issue a summary of the main conclusions and recommendations of the Committee. They are not such as to enthuse co-operators, who expected greater encouragement of and more substantial support to co-operative societies and banks in the matter of extension of banking facilities to rural areas. It is not as though the Committee failed to recognise the part played by co-operatives. It is admitted "the largest part of the structure providing banking facilities to rural areas consists of rural co-operative societies. Taken as a whole, the structure of rural credit societies can be said to be impressive, and as a result of changes brought about by the war improved in certain respects" But it is added "The improvement is, by and large, confined to the provinces of Bombay and Madras," though earnest attempts at improvement in other parts of the country have not failed to catch the attention of the Committee.

On the main question of the creation and continued increase of rural savings since the close of World War II, the Committee has no doubt that as a result of the greater rise of agricultural prices than of non-agricultural prices there has been a relative shift of incomes to rural areas leading to greater saving capacity for agriculturists. It is admitted that costs of cultivation and prices of consumers' goods have also risen. But it is argued that agriculturists buy little outside the rural economy and costs of cultivation too are incurred locally and hence such a rise in expenditure means only "a redistribution of incomes within the rural community itself". We are not so sure that their expenditure on non-local products is so negligible (especially on cloth, coffee or tea and sugar, implements, building materials) or that a redistribution of income within the rural area will swell rural savings in the aggregate, especially when prices of all goods, some of which have to be obtained in the black market, have risen abnormally. No reliable estimate has been obtained of the magnitude of rural savings, the figure varying from two to fifty crores of rupees in a province! The utilization of such savings in recent years is again a matter of guess-work for the most part.

The Committee arrives at the cautious but not very helpful conclusion: "While it would be wrong to assume that large amounts of cash savings are available for collection through the extension of banking facilities to rural areas, it cannot also be categorically held that no possibilities of drawing rural savings into channels of investment useful to the public exist at all." The collection of rural savings is necessary not only as an anti-inflationary measure but to provide capital for rural development.

In order to attract the savings of the well-to-do rural classes the Committee recommends encouragement to sound **commercial** banks, preferably the Imperial Bank of India, to open offices as near the rural areas as possible—at any rate at tehsil headquarters, mandis or commercial centres. All impediments to expansion should be removed and indirect stimuli offered. It is a little hard for the public in general and co-operators in particular to reconcile themselves to this recommendation regarding the expansion of the Imperial Bank in view of its unfriendly attitude in the past, guided as it was by non-Indian officers, to indigenous joint stock banks and to co-operative marketing societies in particular which began to advance loans on pledge of agricultural produce awaiting marketing—considered to be an encroachment into the field of long established joint stock banks It is argued that the Imperial Bank is "to all intents and purposes functioning as a State-sponsored bank and the people can legitimately look forward to its being developed as a national institution." And the promise is held out that by 1955 the services will all be Indianised. But it has been stated that there are still nearly 500 tehsil headquarters which do not have a branch of the Imperial Bank.

In this respect co-operative banks in most States have a better record. Most of the tehsil towns are having a co-operative central bank and/or a co-operative urban bank. The Committee says "co-operative banks can be established in the larger as well as smaller towns and can go deeper into rural areas than commercial banks . . . . Small villages can only be served by co-operative societies and rural post office savings banks." The Committee is against the grant of direct cash subsidies to support rural banks or branches of banks and is also against the keeping of interest-free deposits with them. The Imperial Bank branches, however, will be entrusted with treasury work. The reasons for not entrusting cash work, not even in States where the co-operative banks are admitted to be functioning quite well, to any co-operative banks are not quite convincing. A total ban on the raising of rates of interest on deposits in rural areas is, unwise at any rate initially. When the rates of interest on private money-lending to borrowers on sound security are distinctly higher, it is vain to expect flow of deposits to institutions, however sound they may be, and to educate depositors on the advantages of advances at easier rates, when investors are not likely to stand in need of such advances. An essential condition for the extension of banking facilities to rural areas is the liberalisation of the policy of the Reserve Bank of India in granting loans to co-operative central banks, not according to a rigid classification and other conditions imposed, but to the extent recommended by the Provincial Co-operative Bank concerned.

The Committee blesses the States' schemes of organization of multipurpose co-operative societies, able to employ competent paid staff for each group of contiguous villages and urges the Governments to provide the necessary staff for inspection and supervision. But in view of the vastness of the country and the variety of conditions within it, it would prefer a varied institutional structure to provide banking facilities. It would call upon commercial banks to finance the marketing of agricultural produce to a much greater extent than now, especially after regulated markets are set up and warehousing facilities are developed. These are bound to aid co-operative marketing societies as well.

The Bombay plan of extension of co-operative credit to meet the needs of all credit worthy agriculturists is commended, though it seems to involve some departure from co-operative principles. The Madras scheme for constituting a number of co-operative banks with limited liability in major panchayat villages is also supported and the Madras Government is urged to give financial assistance for it. The Committee recommends some concessions to co-operatives, viz., lower rates for postal remittance, greater limits up to which deposits may be held in postal savings banks, more withdrawals per week, acting as agents for the sale of National Savings Certificates. These aids may be helpful in a small way, but they are not likely to make the banks self-supporting.

The Gadgil Committee's proposal for the setting up of an Agricultural Credit Corporation for each province, to provide finance not only for short term but for long term and to grant loans for individuals as well as societies at rates not exceeding from 4 per cent to 6¼ per cent, is examined briefly but not accepted—more or less for the reasons cited by the Saraiya Committee who preferred the reorganization of existing co-operative banks and their expansion and development to the setting up of new institutions.

The Committee is against the merging of long term and short term credit in one institution and came to the definite conclusion: "Land mortgage banks are the best agencies for providing long term credit. The establishment of an Agricultural Credit Corporation either for a State or for the country as a whole is not opportune at present." This will give a quietus to the controversy that has been going on on 'Corporation Vs. Co-operation'.

Apart from its masterly treatment of the subject, the report, we must acknowledge, is written in an academic and balanced, but nonetheless, persuasive style. It contains a number of useful appendicies that throw a flood of light on unexplored fields.

We earnestly invite contributions to our *Review* on one or other aspect of this important report from non-official co-operators, who were not represented on this Committee and who do not seem to have voiced their views so far in the Press.

* * *

Co-operation and Grow More Food Campaign

The Hon'ble Sri P. S. Kumaraswami Raja, the Chief Minister of Madras and a veteran co-operator, inaugurating the Seventh Tamilnad Co-operative Conference, held at Rameswaram in July last, recounted certain forms of aid given by the Government of Madras to co-operatives to help their members grow more food. Multipurpose societies in some select districts are expected to bring under cultivation fallow lands not only of the Government but of private owners, and raise food crops on them. We have no idea of the extent of such lands, the reasons why they were left fallow, the extent of food they can supply and the nature of help the co-operatives can give members. This must be a formidable undertaking not only to the Central Banks but also to the ad hoc District Advisory Committees set up. We believe that besides doing propaganda which they are expected to do, they will find out the scope for the extension of such cultivation and also suggest the possibilities of reclamation of lands lying waste nearby, without any cultivation in the past, so that joint schemes of water supply or drainage may be devised for the benefit of both if possible. We may expect no more than mere suggestions. Experts on soil, irrigation, cropping, etc., will have to examine the cost of reclamation and the prospects of return.

More positive and assuring is the transfer of the work of distribution of chemical manures, sulphate of ammonia (50,000 tons) and superphosphate (10,000 tons) from the Agricultural Department, where the Demonstrators were bothered with this business at the expense of their legitimate work of propaganda and demonstration of better farming methods. As the Chief Minister explained these 60,000 tons of chemical manures may be expected to yield an addition of at least one lakh tons of food grains (of the deficit of the State?) if proper propaganda and distribution were done by co-operators as was done by the founders of the Agricultural Co-operative Movement in Western Europe.

We are not so sanguine that "co-operative farming offers immense scope for intensifying cultivation and bringing new land under cultivation." Whatever might be the theory and hopes of co-operative leaders in this line, it has not been a conspicuous success anywhere, except in Plestine where conditions were peculiar and far from what they are in India. This has been made clear in the *Report of the Indian Delegation to Palestine* (1946-47). Taking the tenant farming type in Madras (land colonization society) which is said to be a great success, we doubt whether this can be called co-operative farming at all, in so far as there is little or no joint farming attempted by members of such societies, and there is only some co-operation (not quite voluntary) in respect of the purchase of cattle, seed, implements, etc., on credit. Even in an ex-servicemen colony, it was found, no attention was paid to the development of a common park. Every colonist was keen on developing the plot allotted to him, which he wished to call his own in course of time. Likewise in the new lands on which Refugees were settled in Northern India, the appeal to cultivate, jointly found little response. They wish to own and cultivate each his own land. The wish to own and cultivate one's own holding as one likes and reap the fruits thereof seems to be not a failing of Indian peasants alone. Why not offer the best possible inducement and aid for realising such a strongly felt need, and increase national food production thereby, rather than strain at an ideal not easy to reach?

• • •

Co-operative Audit

Audit may be said to be the linchpin of the co-operative machine. A business institution, much more a co-operative institution, would rouse suspicions without regular and efficient audit done at frequent intervals. The public in this country and the investors of funds in co-operative societies and banks seem to have an abundant faith in statutory audit, which looks pathetic in the conditions obtaining in some parts of the country.

A grave state of affairs has been revealed by responsible leaders in co-operative conferences. Mr. R. M. Varma, the Chairman of the Reception Committee of the Bihar Co-operative Federation Congress, held recently in Jamshedpur, stated in his address that outside Jamshedpur area, several societies in Bihar had not been audited for two or three years and it caused some anxiety to

well-wishers of the movement. Even in Jamshedpur area local audit had practically ceased to be done; statutory audit was perfunctory as it did not do hundred per cent check of the books. He pleaded for permission to big societies to choose their own public auditors from a panel approved by the Co-operative Department as in a few other provinces.

Shri Shyamnandan Sahaya, in his Presidential Address at the Congress, regretted that the work of audit which had been done by the Co-operative Federation was taken over by the Government. He stressed the need for separation of audit from administration and organization and placing the former under the Auditor General or the Finance Department of Government.

The Tamilnad Co-operative Conference, held at Rameswaram in July last, reiterated the resolution, passed at previous conferences, for the bifurcation of the Audit and Administrative Sections of the Co-operative Department, a policy which had been accepted by the Government of Madras but not carried out. The Conference wanted that district and provincial societies and some special societies should be allowed to choose auditors of their own from a list of auditors approved by the Registrar.

The Saraiya Committee did not like the combination of audit and supervision under one head for the reason that many defects in working might go undetected. The Committee recommended the delegation of the power of audit by the Registrar to non official federations or institutes. The XV Registrars' Conference, however, recommended that there should be a special staff for audit, working under a Chief Auditor and the Registrar and that societies classified as A or B for three consecutive years should be encouraged and increasingly left free to manage their own affairs.

It is a pity that no definite or uniform policy has been evolved on this very important affair of audit. It is all the more urgent to come to a quick and definite conclusion and implement it in view of the fact that in almost every State, expansion is going on not only in respect of the number of societies but also the purposes undertaken—especially purchase and distribution of a variety of agricultural and domestic requirements -- and the opportunities open to dishonesty and slackness are greater in times of soaring prices, scarcity of goods and black markets and large and miscellaneous transactions and social distractions.

* * *

The Seminar Method.

The advanced State of Mysore has set a new fashion in calling for a Seminar of experts on Co-operation, official and non-official, to discuss in detail, and suggest a reorganization of, the co-operative structure in the State. A Seminar, by the way, is the name given to an informal meeting of a university professor with a select group of advanced students engaged in research for the purpose of a discussion on some abstruse points. It originated in German universities and was later on adopted in some British and American universities, and we may add a few Indian universities too. There seems to be a glamour for new names in our country. Already the Tamilnad Co-operative Conference, held at Remeswaram in July last, has passed a resolution requesting the Government to call for a Seminar on Co-operation in Tamilnad.

We have received, while going to the press, a copy of the full report (386 pages in print) of the proceedings of the Mysore Seminar, held at Nanjangud from the 3rd to 13th May, 1950. We are publishing only a summary of the same, for want of time and space. This seminar seems to have devoted a lot of time to its work. It has taken ten days, while a conference is held only for 2 to 4 days. It must have discussed the structure of co-operation in the style of a constituent assembly. But it is not like the old-fashioned committee of enquiry, consisting of a few officials and non-officials touring leisurely all over the country and examining witnesses one by one, eliciting more or less elementary data only some of which were not previously available. We have passed that stage of the need to get primary data or hear the different points of view of different schools of thought, voiced by powerful speakers with varied outlook or experience. A business-like discussion of the more difficult problems arising for solution in the working of institutions is perhaps best carried on in an atmosphere of seminar. It implies, however, that a lot of study and thought has been devoted to the

subjects already, or abundant experience has been gained by veterans who participate in the seminar, unlike representatives who often attend conferences with a fresh or made-up mind, either of which is not conducive to threshing out difficult questions. There is the advantage in a seminar of informal procedure among a compact body of experts, while at conferences rules of procedure may shut out adequate discussion, without preventing irrelevant orations. Mutual understanding and consensus of opinion are given great weight in a seminar, while at a conference every decision is arrived at by counting of votes, a crude method.

The only defects we notice are: the length of time required for a full and leisurely discussion, the general lack of preparation or experience on the part of participants selected and the cost and inconvenience of a prolonged stay of a number of people, larger than a committee though smaller than a conference. State subsidy, instead of the movement or the individuals meeting the cost, may not be palatable to orthodox co-operators.

* * *

Recommendations of the Mysore Seminar

We may be permitted to make a few observations on some of the recommendations made by the Mysore Seminar. Some of them are in accordance with co-operative theory and some are on the lines of co-operative practice in neighbouring States, where the particular branches of co-operation are more successful. Great faith seems to be placed on the working of multipurpose societies, circle and taluk, which are to be affiliated to the Apex Bank and other Central institutions. They are to supply not only credit and agricultural and domestic requirements of members but to aid in reclamation of cultivable lands, joint cultivation, house-building, besides attending to education and propaganda and some welfare work in the area for the general public, such as running a reading room and library, providing free midday meal for school children and conducting *harikathas*, which may not be easy where the membership is mixed. Any way it is an ambitious programme for societies which are still on their trial.

One single urban bank for each town—a big town may have a large number of branchs in the town—is recommended. This will no doubt prevent overlapping. But it is not easy to work, where there is no homogeneity of interests and ways of life among the members (*e.g.* officials, artisans and labourers). Besides, a large general body of all members is not conducive to deliberations at meetings. It will have to be replaced by a meeting of representatives, as has been done in several Western countries.

In the name of co-ordination, the Seminar recommends one single president and one single secretary for both the local land mortgage bank and the taluk multipurpose society. Another recommendation is that each land mortgage bank should have a fulltime paid secretary and a paid legal adviser, "to step up the quality of work and speed up disposal of loan applications." We have only heard that delay in disposals has been due to the ignorance and slackness of members in submitting the relevant data and documents and not to want of time for these functionaries. Examining titles of securities offered is no doubt a tedious and responsible work; but some honorarium for work done should be enough inducement for expeditious disposal.

Consistent with the ideal of an integrated scheme of credit, the Apex Bank is to deal with not only short and medium term finance but also long term finance such as land improvement and financing the Central Housing Society which "is to manufacture building materials on a mass scale." It is also to finance the Central Industrial Corporation, the Provincial Marketing Union and "any other functional groups that may federate into central agencies." This is a tall order and may not even be well received by the interests concerned. Already there is a protest that the Reserve Bank's loans to marketing societies have to bear unnecessary intermediate charges. [Vide page 150 of our last issue.]

Co-operative stores are advised to confine sales of goods on credit to cities and district headquarter towns and only up to the limit of the member's unencumbered assets in the society, and the amount due is to be recovered in two months. Such limits are not likely to be appreciated by members, especially when they wish to purchase clothes, vessels and furniture if they are available. The need for credit is greater among agriculturists who would like to borrow in the growing season and repay after harvest; but nothing seems to be provided for this demand.

Many forms of State subsidy are recommended. Naturally, State control to an excessive degree is advised: the nomination of presidents, ex-officio vice-presidents, secretaries and assistant secretaries and nomination of a good proportion of members of managing committees in certain institutions. We believe that Mysore is fairly well advanced in co-operation and it is better to entrust responsible work to honorary workers of some standing.

We suggest that it would be better to have a separate 'wholesale' for supply of agricultural and domestic goods at the district and provincial stages and not mix up this work with marketing.

* • *

Working of Provincial Marketing Societies

We publish in this issue six articles, received in response to our invitation, relating to the working of Provincial Co-operative Marketing Societies in six States of India. From the brief accounts given here and our limited experience we may draw some inferences and offer some comments. We find, first of all, a striking similarity of aims, copied perhaps from Madras and Bombay societies, which have been working for over a decade now, while the others are of more recent origin. The original aim of most of the apex societies was to help the affiliated primary sale societies in marketing the raw produce (mostly non-commercial) of their agriculturist members and of a few processed products of other members. But the Provincial Marketing Societies have had also, in addition to the primary sale societies, a number of individual members, only some of whom were producers in any sense of the term, while most were, active co-operators or well-wishers of co-operation. But a few were positively traders, dealing in goods which were dealt in by the Provincial Marketing Societies and co-operative stores. This is a serious departure not only from the federal principle but also co-operative ideals and conventions. The Government of every

State has found in these Provincial Marketing Societies a handy instrument for the sale of scarce and controlled commodities ; but the sale was most often done in a haphazard and unregulated manner, much to the benefit of people who were not over-scrupulous, or over-delicate in handling a crowd. Sometimes, credit sale was permitted to Government servants and a few others, a privilege not unoften abused. The societies were so keen on getting more business done somehow and the authorities were prepared to wink at any lapse for the sake of increasing sales.

The worst development, from the co-operative point of view, was the setting up of retail business to the public almost in competition with well-known consumers' societies (like, for instance, the T. U. C. S. in Madras). Protests of the latter have been of little avail ; the justification offered by the Provincial Marketing Society was that it had to find a sale somehow for goods sent to it by the sale societies and other members and if the co-operative store would not buy, they had to be sold to the public to avert loss. It should be admitted that the management of the latter have not shown any anxiety to prefer the goods offered for sale by the Marketing Society even if the quality was not inferior to that of the wholesale merchant. It is time that some agreement was reached and a genuine spirit of co-operation shown by both the Provincial Marketing Society and the leading consumers' society with a number of branches. Overlapping among co-operatives, even if unintentional, is bad and must be rectified at the earliest opportunity. Competition in the same lines is a co-operative crime that should not be countenanced by the State.

The future of the Provincial Marketing Societies, supported as they have been recently by State subsidy and the monopoly of sale of controlled commodities, is viewed with anxiety by the authorities concerned. We are ourselves more anxious that they should shed unco-operative features which have crept into their working in the control regime.

CO-OPERATION AND PEACE

AN APPEAL BY

THORSTEN ODHE

Director, International Co-operative Alliance.

The International Co-operative Alliance making its Declaration on the 28th International Co-operative Day a fervent appeal for Peace, is following up a tradition which extends far back in its history.

Every Congress convened by the Alliance since its foundation, now over half a century ago, has devoted a large part of its attention to the cause of Peace. The necessity of Peace has been the very foundation of its internationalist philosophy, and practical ways and means of promoting Peace have been the subject of innumerable debates at the meetings of its authorities. Many Resolutions have been adopted, calling on the increasing numbers of co-operators in the various countries of the world to make their individual contribution to the cause of Peace.

International Co-operation—A Militant Force Against War :— Declarations on International Co-operative Day, too, have stressed the same solemn duty : To make International Co-operation an uncompromisingly militant force against the barbarism of war and in support of lasting Peace and true international understanding between peoples.

The Declaration on the 28th International Co-operative Day focusses attention on the main prerequisites for Peace which, although by no means new, stand out particularly clearly in the light of the world situation to-day. If we look back upon world history from the most remote ages of the progress of humanity as an unbroken chain of strivings to ensure the observance of elementary Human Rights, we can safely state that in no period have there been more conscious and more co-ordinated efforts to this end than in the latter decades of this century.

Co-operation a Safeguard of Human Rights :—By the Universal Declaration of Human Rights of the United Nations, the conception of Human Rights has been accepted at the international level for the first time in history. The American and French Revolutions established the rights of political and religious freedom. The conception of Human Rights to-day goes beyond these freedoms, essential in themselves, to all others, and include economic and social rights—such as the right to employment, social security, and a decent standard of living.

If we say that in no previous period in history have Human Rights been more clearly conceived and more eagerly fought for we must also state that never before have they been more phrenetically challenged and, over longer or shorter periods, almost eclipsed. And it is no exaggeration to add that the philosophies causing this eclipse have engendered was on a larger scale and with more destructive effects than ever before.

Democracy is not only a form of Government, it is also a state of mind ready to accept and assert elementary Human Rights as the only durable foundation for peaceful human society. Fundamental co-operative philosophy over a century ago, whilst among the first in the field to extend the conception of human rights to economic and social rights, emphasised the power of co-operative organisation to ensure by mutual self-help the observance and implementation of elementary economic and social rights and to combat the forces instigating war.

Ordinary men and women abhor war. In many parts of the world they know only too well by bitter experience the sufferings and sacrifices, the impoverishment and destitution which follow in the tracks of war. No ordinary man or woman would of his or her free will choose war. Violence and war are the sinister heritage of humanity, springing from cruelty, passions, egotism—all, the grim instincts of self-destruction buried in its subconscious primeval past. These instincts can be whipped up to war hysterial to a frenzied state of tension and sustained suspicion against other nations by the skilful use of appropriate policies and tactics, first and foremost by depriving the broad masses of the elementary freedoms: Freedom of thought and speech; Freedom of information; Freedom of movement; Freedom of association; Freedom to elect their Government by democratic methods.

Raising the Standards of Living in Underdeveloped Countries :— It is still a long way to the enjoyment of Human Rights by all peoples, even elementary economic and social rights. The Secretary-General of the United Nations, as the spokesman of the World Organisation which promulgated the Universal Declaration of Human Rights, wrote only a few months ago: "Most of the rights proclaimed in the Declaration are not yet enjoyed by most of the peoples of the world. Millions do not enjoy freedom of speech and religion. Millions are denied equal opportunities because of their beliefs or the colour of their skin. Still greater millions have not yet won security from poverty and hunger."

A second prerequisite to Peace, therefore, as expressed in the Declaration of the I. C. A. is that the standard of living and economic development in the under-developed countries shall be raised to a level more comparable with that in the more advanced countries, and particularly by the promotion of Co-operation. That does not only mean that the dependence of weaker and less developed peoples upon the richer and more powerfully equipped, as a principle in world politics, must be definitely abolished, and full political freedom assured to them. Since the end of the war, this policy has been pursued to an astonishing extent. In Asia alone, countries with a population of 600 millions have thus regained their full national independence. But this is not sufficient. All these and other under-developed territories need the powerful support of international solidarity in developing their economic resources to support their populations on a level comparable to that of the more highly advanced nations. For this aim—expressed by the practical action of the United Nations in the field of Technical Assistance to Under-developed Countries—the I. C. A. in its Declaration makes an earnest appeal to the co operators of the world.

To lay firmer foundations for Peace, international efforts towards economic and social progress must be followed up by action in other equally fundamental fields. Planning and co-ordination of world production and distribution of commodities to ensure their enjoyment by all nations should be effected as soon as possible. The lines guiding this important part of the United Nations' activities were traced in the Atlantic Charter, and were incorporated in the original draft of the World Organisation.

The extent to which these lines will be successfully pursued is of decisive importance to Peace. If they are fully implemented in the spirit of the Atlantic Charter, if they are made a living reality by the common efforts of all countries, members of the United Nations, in the various fields of international relations, these principles of international economic and social solidarity may result in the laying of more solid foundations for World Peace than could be laid by the work of the United Nations in the sphere of mediation in political conflicts between nations.

Free Access to Raw Materials:—The Atlantic Charter unreservedly condemned the predatory policies of conquest and monopoly of the raw material resources of the world which, to an increasing extent, have engendered suspicions and warlike feelings between the peoples in modern times.

The International Co-operative Alliance has voiced the claim before the United Nations that by free and voluntary conventions, all nations should honour the Fourth Principle of the Atlantic Charter of free and equal access to the raw materials of the world. This demand should be reiterated at all meetings on International Co-operative Day, particularly in view of the tremendous support given by the present monopolistic order to the utilisation of world resources by monopolistic profit-making cartels and combines to the detriment of the consumers' interests. The establishment of an international code of behaviour with regard to these resources fair to consumers and primary producers should thus be demanded with all power and energies at our disposal.

United Nations Essential for Peace:—It is obvious that the continued existence of the United Nations is the main prerequisite for Peace not only in our time but also for the generations to come. One of the most important conditions for ensuring this is that a moral and psychological change in the state of mind of all peoples in relation to war shall be engendered. Such a change is necessary for the realisation of practical measures designed to prevent war or to make destructive warfare more difficult. Disarmament is the most important practical measure contemplated.

The disarmament so urgently required in the present period of the "cold war" is not only material disarmament, accompanied by effective control to which every nation should submit without protest, but also mental disarmament. It is not enough to outlaw the atomic bomb, if in countries of whole continents suspicions of other nations and accusations of war-mongering and planning for aggression are to be allowed and encouraged, for their ultimate explosive effects will be far worse than those of the atomic bomb. The Declaration of the International Co-operative Alliance presses the demand for effective disarmament in this sense.

The Duty of Co-operators:—In its peroration the Declaration of the I. C. A. stresses the duty of Co-operators on International Co-operative Day to make known their determination for Peace, which will be synonymous with a determination for Human Rights and Freedom, for the maintenance of the free and voluntary character of the Co-operative Movement throughout the world; for wholehearted support of the United Nations in its efforts to maintain Peace and to bring about appeasement in those parts of the world where Peace is acutely menaced by aggression and warfare.

THE BOMBAY PROVINCIAL CO-OPERATIVE MARKETING SOCIETY

By

NIRANJAN J. SHROFF, M. COM.,

Accountant, B. P. C. Marketing Society, Ltd.

The Bombay Provincial Co-operative Marketing Society was formed on the 12th November, 1941 with the following objects:

(i) to arrange for the sale of produce of the members of affiliated societies and other members to the best advantage;

(ii) to purchase and sell agricultural produce and farm and farmers' requisites;

(iii) to rent or own godowns or sales depots to facilitate the storing and sale of produce, and to do the business of licensed warehouse keepers;

(iv) to act as agent of members for the disposal of their produce;

(v) generally to co-ordinate the activities of the various non-credit societies by getting them into touch with the market places, the places of production and the prices prevailing in the province;

(vi) to serve as an information bureau of raw products and articles available in the province or elsewhere;

(vii) to advance money on the security of produce of members sent on sale;

(viii) to act as a central purchasing agency for agricultural as well as consumers' societies and for other members;

(ix) to do with and for non-members such business as is permitted by the bye-laws, and under such conditions as may be decided upon from time to time by the Board of Directors; and

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

The membership of the Society is open to any co-operative society registered under the Bombay Act VII of 1925, other than a housing society; to any person over 18 years of age, competent to contract; to private proprietory and partnership firms; and to individuals who desire to sell their produce or purchase their requirements through the Society without any voice in management or share in profit, by paying a nominal entrance fee. These are the three classes of members of the Society.

The administration of the Society is vested in a Board of Directors, consisting of 11 members, elected by the shareholders in the manner prescribed in the bye-laws of whom three are ex-officio members consisting of the Registrar or his nominee, the Chief Marketing Officer, Bombay Province, and a representative of the Bombay Provincial Co-operative Bank, Ltd., Bombay. The first Board of Directors of the Society was nominated by the Government. They remained in office till 1945. Thereafter, the directors have been elected by the shareholders. There is an express provision in the bye-laws that two of the directors elected from amongst the co-operative societies shall be from amongst societies dealing in sale, purchase and supply of farm produce or requisites. Thus the affiliated societies purchasing or selling the bulk or all of their requirements or produce to the Society are assured of adequate representation, besides satisfactory disposal of their work at minimum cost. Full effect is given to this provision, and as a consequence, the business of the Society has expanded, developed and stabilised, particularly in the field of plantains.

The position of the Society in the co-operative structure is not such as to impose even a moral obligation on purchase and sale unions and multipurpose societies in the State of Bombay to perform their marketing operations through this Society. Thus the Society is more or less functioning as a central agency and not as a federal type of society, even though it has got on its directorate two representatives of the purchase and sale unions working in this State. It is necessary to modify the constitution of the Society so as to make it an apex body in federation with co-operative purchase and sale unions in the districts, providing adequate representation to the latter. If the constitution is so changed, this Society will be placed in a better position and may receive support and encouragement from co-operative purchase and sale organizations working in the districts

The main business of the Society is to arrange for the sale of produce of members of affiliated societies. Selling the produce to, or supplying the requirements of, non-members is also permitted. The affiliated societies assemble the produce of their own members and send the same to the Society for sale on consignment basis. The Society commenced operations with selling consignments from member societies of fruits and vegetables. Within a year and a half of its inception, the Society acquired a stall in the biggest wholesale vegetable market of Bombay, the Old Byculla Market. The Society receives for sale every year fairly large quantities of fresh

vegetables from mofussil vegetable growers' societies. Further, the Government of Bombay have appointed the Society as their sole selling agent for sale of vegetables produced in the scheme of Tail Water Utilization Committee at Khapoli.

For the sale of fruits such as mangoes from Ratnagiri, oranges from Madhya Pradesh and grapes from Nasik, the Society has acquired a stall in the well-known fruit market of Bombay, the Crawford Market. The Society has firmly established itself in the supply and sale of fruits and vegetables. The table below gives the total value of fruits and vegetables sold on consignment basis and the commission earned thereon.

Business in Fruits and Vegetables

Year		Value of goods sold Rs.	Commission earned Rs.
1944	...	20,986	1,225
1945	...	21,345	1,297
1946	...	18,240	1,050
1947	...	13,970	871
1948	...	30,764	1,432
1949	...	26,157	1,635
1950	...	1,37,885	8,222

The Society has made special efforts during the year 1948-49 to develop the business of selling plantains on a large scale. The business, in the first instance, was organized on a wholesale basis, and only recently has been put on a retail basis also. A small godown with smoking chamber was acquired, to begin with, in the Byculla Gold Mohur Castle Market. The Society received excellent support from the co-operative societies and individual growers of plantains, especially from East Kahndesh—notably from Jalgaon Co-operative Fruit Sale Society. During 1949-50 a big stall was built at a prominent place in the same market with a smoking chamber with a capacity to stock about one wagon-load of plantains. Co-operative Fruit Sale Societies at Bassein and Palghar—notably The Kelwa Mahim Co-operative Multipurpose Society, lent their valuable support. The annual turnover in this section is above Rs. 4 lakhs, and the commission earned is nearly Rs. 25,000. This section of plantains is expected to yield even greater results as the Society has opened a branch for selling plantains in Delhi, one of the biggest plantain markets in the Indian Union. The plantain business is now carried on on a very sound basis. The sales at the godown are strictly and exclusively on cash terms. Prices obtained by the consignors are also satisfactory. This has by now become one of the principal businesses of the Society.

The Society also receives for sale goods like jaggery, betel-nuts and cotton seeds, mostly from the up-country co-operative societies. The Society has engaged competent salesmen who are in constant touch with their respective markets and sell the produce received on consignment basis at the maximum advantage. The business in these branches is also fairly large. The Society was also appointed three years ago as distributor of artificial manures manufactured by the Imperial Chemical Industries. But gradually this business dwindled, and at present it has been completely stopped, as the Government have taken over the business themselves. The value of these agricultural requisites handled by the Society and the commission earned thereon are shown in the table below :

Business in Agricultural Requisites

Year		Value of goods sold Rs.	Commission earned Rs
1945	...	82,210	1,445
1946	...	2,51,209	8,171
1947	...	2,50,806	8,130
1948	...	18,155	1,716

Ever since the establishment of the Society, the country has been experiencing an acute shortage of foodstuffs and passing through conditions of severe famine. Consumers, in general, find it increasingly difficult to obtain their requirements of cereals and other grains at prices within their reach. This situation has opened up for the Society another profitable line of business. The Society assisted the public in general, and members of affiliated societies in particular, in securing supplies of grain, before rationing was introduced in Bombay. After the introduction of rationing, the Society has been functioning as wholesale distributor to societies recognised as retail distributors by Government, at a nominal commission. The Society thus functions as agent for the Government in the distribution of consumers' goods at controlled prices. This business has now become a regular feature of the Society, and the results of the working of this section are indicated in the table below:

Year		Value Rs.	Commission Rs.
1944	...	9,00,198	2,884
1945	...	8,50,559	2,755
1946	...	9,35,654	2,924
1947	...	10,99,910	3,405
1948	...	11,44,284	6,802
1949	...	9,42,690	6,305
1950	...	11,39,288	7,036

Although the Society commenced business on the lines which today have become the life lines of the Society, there was a difficult time for the Society in the earlier years. Business was on a small scale and income derived was not sufficient. This situation was foreseen, and the Government of Bombay were kind enough to grant a subsidy to the tune of Rs. 8,000 during the first year of the Society, of Rs. 6,000 during the second year, and of Rs. 4,000 during the third year. Besides this financial assistance, the Government entrusted to the Society the distribution of charcoal throughout the city of Bombay in 1943. This business was continued for five years. A substantial income was derived from this charcoal business; the Society was able to build up its Reserve Fund and the Marketing Development Fund.

The Government further assisted the Society by appointing it as sole agent for taking delivery of groundnut oil-cake from June 1947. This business was the outcome of the Government's drive to prepare and distribute a manure mixture of high quality. The function of the Society is to take delivery of the ingredients and despatch the same to manure mixing centres; and to distribute the mixture thus prepared by them according to the instructions of the Government. This business is also yielding a substantial income.

Though the principal business of the society is to act only as commission agent, it is authorized to purchase and sell at its own risk within certain limits as to the total value of goods so handled. This power is made full use of; the Society deals in coffee and *pohas* (parched rice) on its own account. The Society purchases the coffee quota allotted by the Indian Coffee Board from Mysore. The Government fix also the quota of *pohas* to be taken delivery of by the Society and distributed among the consumers' co-operative societies. There is a great possibility of the expansion of the coffee business ; but it can be realised only when larger quotas are allotted by the Indian Coffee Board. The Society has gone a step further, inasmuch as it gets umbrellas manufactured from cloth made available at controlled rates, and sells the same to consumers through co-operative societies at fair prices.

The Society also supplies agricultural implements such as pickaxes, *powrahs*, and *ghamellas* to the mofussil co-operative societies. It has also recently obtained the sole agency for the State of Bombay of German made 'Bauscher' engines.

The business of the Society thus centres round agriculture. By supplying manures, quality seeds and implements, the Society helps agricultural production. By selling the produce in organized and competitive markets with the help of competent salesmen, it secures the maximum possible returns to the agriculturists.

Besides actually conducting the operations, the Society has been communicating the prevailing prices of important agricultural produce to such of the marketing societies in the State as request the same. The Society has further made arrangements to broadcast daily the prevailing prices from the All India Radio, Bombay. Recently, Government have placed at the disposal of the Society the services of a Marketing Inspector to collect the prevailing prices for agricultural commodities in Bombay and disseminate the same to the marketing organizations in the State.

The importance of warehousing in the process of marketing cannot be exaggerated. The difficulties presented by the lack of godown accommodation are only recently and partially solved by the acquisition of a godown at Vadgadi. The godown has a capasity of storing 1,500 bags at a time. This godown is now used for storing allottments of coffee by the Indian Coffee Board, consignments of jaggery and cotton seeds, betel-nuts and the like.

The main difficulty that the Society experiences in the conduct of its business is that it deals mainly on consignment basis. For all services rendered the Society charges only a nominal rate of commission. The dealings on consignment basis leave to those selling or buying through the Society the option to discontinue their dealings at any time they like. This state of affairs does not promote the desired stability and security.

Secondly, as the Society works on consignment basis, the income derived by the Society is comparatively small though the value of goods handled is very large. It is true that the objective in mind of the promotors and the controllers of the Society is primarily one of rendering service to the public and not of obtaining profits. But the fact that even to render reliable and continuous service the Society should live and thrive should not be lost sight of. The profits should not only be sufficient to keep the Society in existence, but also be sufficient to enable it to carry on experiments in unexplored fields and develop the business, thereby rendering even greater service to the community. It is difficult to rise to such heights in business generally, and with the motto of service as in co-operative marketing in particular. In spite of these limitations the Society has built up funds of decent size, which are earmarked for the purpose of development, and are therefore aptly termed Development Fund.

Another difficulty experienced by the Society is in respect of the movement of the goods from Bombay to the mofussil. Similar transport difficulties are, no doubt, experienced by all other businesses and industries. We have only to wait till the difficult times are over ; but we should obtain priority for the movement of certain goods like manures, as they are an aid to the Government's "Grow More Food" Campaign.

Initial difficulties and instability has now given place to stability and a sense of security. The Society now looks forward from its stable and firm position to a period of development and prosperity, and that too on tangible grounds. Recently, the Government of Bombay have appointed the Society as the sole distributor of sulphate of ammonia, a well-known manure ingredient, throughout the State of Bombay. The progress made in the short period of the conduct of this business of three months is quite encouraging. The Society can look forward to the days, not in a distant future when it will be importing and distributing on behalf of the Government of India, manures particularly sulphate of ammonia, on a much larger scale, increasing its own prosperity and the fertility of the Indian soil.

The society is now extending its area of operations, and is reaching the heart of plantain markets in India by opening a branch there for the sale of plantains produced in the Khandesh. This branch at Delhi will open a new chapter in the career of the Society, as well as in the history of co-operative marketing extending from narrow provincial to national boundaries. It will also strengthen the financial position of the Society still further. Development of business in other channels such as coffee, jaggery, betel-nuts, agricultural requisites and the like is also contemplated; and it is hoped that will materialise in the none too distant future.

From its very inception, the Society was fortunate enough to secure the invaluable advice and guidance of the eminent leader of the co-operative movement in India, Dewan Bahadur Professor H. L. Kaji, the President of the Indian Co-operative Union. The Society is very proud of having him as its President since 1944. His advice and guidance have been chiefly responsible for its progress, and there is little doubt that under his active leadership and guidance the Society will occupy a position of great importance in the matter of co-operative marketing In India.

THE MADRAS PROVINCIAL CO-OPERATIVE MARKETING SOCIETY

By

M. SOMASUNDARAM,

Secretary, The Madras Provincial Co-operative Marketing Society.

The Madras Provincial Co-operative Marketing Society was registered and started on 2-10-1936. The objects of the Society are :

(1) to arrange for the sale of produce of the affiliated societies and other members to their best advantage,

(2) to rent the Society's godowns or sales depots to facilitate the storing and sale of produce,

(3) to act as agent of members for the disposal of their produce,

(4) to act as agent of co-operative institutions and members for the purchase and supply of articles on commission basis according to written indents received from them,

(5) generally to co-ordinate the activities of the various non-credit societies by getting them into touch with the market centres, the places of production and the prices prevailing in the presidency,

(6) to serve as an information bureau as regards raw products and articles available in the presidency or elsewhere,

(7) To advance money on the pledge of produce of members sent for sale, and

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

There are 421 members of whom 117 are individuals and 304 are societies. The share capital of the Society is Rs. 50,020. It has got an overdraft accommodation of Rs 2,00,000 from the Madras Provincial Co operative Bank Ltd., Madras. There are reserves of Rs. 37,495. During the last war, the Society incurred heavy loss of Rs. 90,000 on account of stocking of foodgrains as per instructions of the Collector of Madras. But by 30th June 1950, the Society was able to wipe out the entire loss, and is now working on profit.

The Board of Management of the Madras Provincial Co-operative Marketing Society consists of 11 members, of whom 9 are elected

members and 2 are ex-officio directors one of whom is the Joint Registrar of Co-operative Societies, Madras and the other is the Provincial Marketing Officer of the Agricultural Department. The Executive Committee consists of 7 directors. The local Sub-Committee consists of 5 directors who are residents of Madras City and meet once a month or oftener if necessary and guide the Society in its day-to-day affairs. The Secretary is a paid employee and he is a non-official. The Secretary is responsible to the executive administration of the Society subject to the control of the President.

The Marketing Society is helping the member-societies in procuring raw materials, foodgrains, agricultural implements and marketing their products. The Marketing Society is the sole selling agent among the co-operative institutions for the agricultural implements manufactured by the Tata Iron & Steel Co., Ltd. Brass and copper sheets are purchased by the Provincial Society on behalf of the member-societies as a buying agent. The total purchases under agency amounted to Rs. 2,71,010-15-8 during the year 1949-50.

During the current year, the Society has undertaken the Forwarding work of agricultural quota of iron & steel of the District Co-operative Wholesale Stores and Marketing Federations to be booked from Madras City as a forwarding agent. It is hoped that about 1,000 tons per month will be handled by the Provincial Society.

On account of the abnormal rise in prices and the controls, food-grains are not available with the Taluk Marketing Societies to be marketed through the Provincial Marketing Society. Till the normal period sets in, the Society will continue to purchase sugar and other controlled commodities as a wholesaler and distribute the same to the permit-holders. The Society is having in view the business on agency basis only.

The Government of Madras desire that the public should be supplied with pure ghee. With this idea in view the Registrar of Co-operative Societies, Madras, has desired our Society to undertake the work of pooling butter from various milk supply and dairy societies in the State, melt them into ghee under the supervision of an analyst and fix the "AGMARK" and market the same to the public. The Government will be requested to subsidise the capital expenditure on this account to an extent of Rs. 10,000. The Provincial Society has agreed to undertake this scheme on consignment basis. The scheme is not yet sanctioned. If this materialises, the Provincial Society will be doing real service to the producers as well as consumers.

Till normal time sets in, the Provincial Societies should undertake the work of purchasing the requirements of various consumers societies from overseas and from the manufacturing centres. When purchases are made in bulk, the buying rates will be cheaper when compared with the prices at which the primaries are obliged to purchase in small quantities from the local wholesalers. The State Governments also should be requested to entrust the Provincial Marketing Societies with the supply of all articles of diet required by the inmates of hospitals, jails etc. in the States. The Government of the Indian Union should be requested to exempt the Provincial Societies from the various conditions that are to be fulfilled before getting import licences for the articles to be imported from other countries. If State help is given in these directions, the primaries will be in a position to get the articles at cheaper rates through Provincial Societies and meet the needs of the public by marketing the commodities at very reasonable rates. This will bring down the prevailing high prices for consumers without detriment to producers.

MYSORE PROVINCIAL CO-OPERATIVE MARKETING SOCIETY

BY

M. SHAIK MAHBOOB, B A.,

Secretary.

The Society was registered on 11th November 1943, but it actually started work from the 1st of September 1944. Its objects are the following :

1. to arrange for the sale of produce, mainly agricultural, of the affiliated societies, their members and also of other members of this Society to the best advantage,

2. to rent or own godowns or sales depots to facilitate the storing and sale of produce and to do the business of licensed warehouse keepers,

3. to act as agent of members, for the disposal of their produce,

4. generally to co-ordinate the activities of the various non-credit societies by getting them into touch with the consumers' societies, market places, the places of production and the prices prevailing in the State and outside,

5. to serve as an information bureau of the availability of raw materials and articles available in the State or elsewhere, of places of production and consumption and of the prevailing market rates,

6. to grant advances on the pledge of produce of members sent for sale,

7. to act as a Central Purchasing Agency for agricultural as well as consumers' societies ; and

8. to publish a weekly bulletin of the precise prevailing prices of commodities in the several markets, and

9. to do such other things as are incidental or conducive to the attainment of the above objects.

The authorised share capital of the society consists of Rs. 1,00,000 made up of 2,000 " A " class shares of Rs. 25 each open to societies, and 5,000 " B " class shares of Rs. 10 each open to individuals. As on today (September 1950) the Society has 691 "A" class members and 170 " B " class members on its roll and a total sum of Rs. 34,849-12-0 has been collected from them towards share capital.

The Society is receiving Fixed Deposits also at rates of interest of 4 per cent for periods of 1 year to 3 years and at $4\frac{1}{2}$ per cent for above 3 years. A total sum of Rs. 9,575 is under Deposits.

Finding that both these amounts are insufficient to meet the financial needs of the Society in its business, it has arranged for an overdraft of Rs. 2,50,000 from the Mysore Provincial Co-operative Apex Bank paying interest at 5 per cent from 1st September 1950, while formerly it was 5½ per cent.

The Board of Management of the Society consists of 19 members, of whom 9 are representatives of 9 producers' societies, one for each of the revenue districts, 3 from individual shareholders, 2 from consumers' societies, 2 to be nominated by the Registrar of Co-operative Societies out of its members and 3 are ex-officio directors. the Deputy Registrar of Co-operative Societies in Mysore, Bangalore, the Deputy Director of Agriculture in Mysore, Bangalore and the Assistant Marketing Officer, Bangalore City are the ex-officio directors of the Society. The Board has got to elect a President, a Vice President and a Treasurer from among themselves.

The following progressive statement shows the details of membership, paid-up share capital, reserve fund, building fund, sales, gross profit, dividends declared, number of societies that transacted business, fixed deposits and establishment charges from the inception of the Society upto the end of June 1950.

The main lines of business of the Society are:

1. Sale of the articles of the producers' societies and their members.

2. Supply of consumer goods to the consumers' societies inside the State from both agricultural and industrial societies.

3. Supply of articles to societies outside the State.

1. *The sale of articles of producers' societies*: The Society has arranged for sale of the articles received from the producers' societies of the State. They are: honey under the name "*Myhoney*", arecanut, cocoanut and copra, chillies, corriander, jaggery, tamarind, seekai, cardamoms, pepper, woollen blankets, lacquer-ware articles, silk bordered and other dhoties and *chaddars*.

2. *Supply of articles; consumer goods from outside the State to societies inside the State*: In addition to the above articles, the societies in the State were helped in *importing pulses from Agra*, Government controlled pulses like *Bengal gram and its products*, salt, coffee, textiles and many other consumer goods. The most important commodity in the above articles is coffee, the wholesale distribution of which is given to the Society by the kindness of

Progressive Statement of the working of the Society from 1944—45 to end of 1949—1950.

Particulars	1944—45	1945—46	1946—47	1947—48	1948—49	1949—50
Membership—						
A Class Societies ...	115	219	318	405	617	690
B Class Individuals ...	44	118	145	149	162	169
Total ...	159	387	463	554	779	859
Paidup Share Capital—	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
A Class Societies ...	6,700	8,675	11,650	14,399	26,024	29,955
B Class Individuals ...	2,410	4,030	4,530	4,570	4,760	4,870
Total ...	9,110	12,705	16,180	18,969	30,784	34,825
a. Reserve Fund ...	—	1,803	3,667	4,847	7,400	10,902
b. Other Funds ...	—	—	—	1,800	3,750	5,500
Building Funds ...	—	—	3,000	5,000	8,500	13,500
Sales—						
General ...	52,600	1,82,251	3,03,760	7,61,510	17,95,522	15,94,867
Agri. Implements and Manures ...	15,259	51,601	71,114	44,799	48,229	7,785
Goods on consignment ...	3,248	20,522	21,172	5,178	6,220	12,535
Total ...	71,187	2,54,374	3,96,046	8,11,482	18,49,971	16,15,187
Gross Profit ...	1,124 14 6	4,305 13 4	7,751 14 10	21,212 1 8	48,224 9 4	
Net Profits ...	1,803	7,453	4,712	10,048	14,387	
Dividends Declared ...	—	3⅛%	4%	5%	5%	
No. of Societies Transacted						
a Consumers ...	25	44	61	186	400	482
b Producers ...	4	10	11	12	15	12
Fixed Deposits ...	—	—	—	—	27,250	9,575
Establishment Charges ...	1,001 6 6	3,679 10 6	5,569 10 0	5,834 6 6	10,944 4 6	14,065

NOTE:—*Only figures nearest to the Rupee are given above.*

the Chief Coffee Marketing Officer, Indian Coffee Board. The total amount of purchase and sale in this direction from the beginning upto 30-6-50 is as follows:

		Rs.			Rs.
1944-45	..	44,305	1947-48	..	5,90,698
1945-46	..	1,25,540	1948-49	...	13,62,013
1946-47	...	1,05,958	1949-50	...	12,51,365

The Society has arranged to supply umbrellas under its brand "*Padmapatra*". Besides, the Society has supplied agricultural implements and manures to the ryots of the Bangalore Taluk only. (Vide statement above.) This was done on account of the kindness of the Director of Agriculture.

3. *Supply of articles to societies outside the State*: The Society has helped the District and Taluk Wholesale Societies of Madras Province in supplying articles like tamarind and seekai, which those societies were purchasing in bulk from individal merchants of Bangalore. This Society has done this work to their fullest satisfaction.

The volume of business done in this direction is as follows:—

		Rs.			Rs.
1944-45	..	178	1947-48	...	36,731
1945-46	...	3,515	1948-49	..	21,174
1946-47	...	17,620	1949-50	...	60,150

The Society does not have a proper building in the wholesale business locality and proper rat proof godowns and warehouses in important trade and producing centres. Further, the Society at present has not got sufficient resources from which advances could be made to the ryots against their produce stored in the Society's godowns so that they may be sold at the highest possible rates instead of being obliged to sell at the available rates then and there at the time.

For the time being, the market is only a sellers' market as the ryot gets full value for the commodity as most of the food-grains are controlled and it is only the purchasers who require our help, in the manner and matter of getting the food and other grains needed for their daily use at as low a rate as possible. The Mysore Provincial Co-operative Marketing Society has been trying its best in this direction and has been on the committee constituted by the Director of Food Supplies to check the soaring prices of food and other grains needed for the common man and the Society

has been particularly rendering service in furnishing the statement of retail prices of the various commodities such as pulses, oils, tamarind, buller and other consumer goods to the Director of Food Supplies every fortnight and watch the rise or fall of each of these commodities.

Recommendations of the Mysore State Seminar on Co-operation (Held in May 1950).—The Seminar recommended a federated structure for marketing societies consisting of producers and consumers, primary societies at the bottom comprising largely of the multipurpose co-operative societies (but not shutting out other types of co-operative institutions) integrating into District Marketing Societies which in turn are affiliated to the Provincial Marketing Union.

The Seminar recommended that the Central Institution be called the Mysore Central Co operative Marketing Union and may be constituted on lines which will ensure its strength and stability. The Board of Directors shall consist of 19 members and a president as indicated below :—

3 members to the be Ex-officio Directors representing the Departments of Agriculture, Co-operation and Marketing; 6 representatives from the Multipurpose Co-operative Societies, 3 representatives from the District Marketing Societies, 3 from the Producers' Societies and 3 from Consumers' Societies of whom one each will represent the consumers in Bangalore and Mysore and one from individual shareholders, 1 to be nominated by Government.

It is suggested that the President may be elected by the Board of Directors.

To meet the demand for speedy decisions on situations as they arise, an Executive Committee consisting of 7 persons, of whom 3 will be ex-officio Directors and 4 others including the President may be constituted.

The Seminar recommended that the link between the Provincial Union and its component parts should be strengthened. The Union would be the medium through which finance would be provided for the primary unions. The advances would largely be intended for grant of producers' loans to agriculturists who lodge their goods in the warehouses and godowns of unions and in their primary units. The work therefore of the Central Marketing Union would be twofold:—

1. Maintenance of consumers' service through the agency of primary unions comprising largely of Taluk and Circle

Multipurpose Co-operative Sccieties This will also include import and distribution of consumer goods of all types.

2. On the producers side, dealing largely with collection of agricultural produce, grant of advaces on security of produce lodged in godowns and warehouses of marketing societies and their effective marketing both inside and outside the State. It would also enable the import of agricultural commodities from outside Mysore on a wholesale scale. Facilities for such import should be given by Government in the Food Supplies Department. The Seminar recommended that wherever necessary, the Provincial Marketing Union should have branches or buying agencies in suitable places though it was of the view that the services of the District Marketing Societies and Taluk Multipurpose Co-operative Societies should be made use of, as far as possible.

The Seminar contemplated the desirability of having a District Marketing Society at each district headquarters. This will have independent marketing function and will also, in addition, maintain a transport service to suit the needs of co-operative institutions in the area. It is contemplated that primary unions, will get affiliated both to the District Societies and to the Provincial Marketing Union. The Seminar emphasised the need of integral business relationship between the Taluk Multipurpose Societies and other Primary Unions, the District Marketing Society and the Provincial Marketing Union. While there will be no compulsion on the mode of doing business each will be entitled to work out its own mode of procedure. The very idea of a Federal structure implies business being done through the various stages mentioned above, except where such a course means increase in the ultimate cost to the consumer.

The Seminar specially stressed the need for the erection of godowns and warehouses at least one in each district headquarters, and one in each Taluk Centre. Bigger godowns may also have to be constructed in commercial centres like Tiptur, Tumkur, Arsikere, Davangere, Shimoga, Saklespur, Chitaldrug etc. and a Central Godown at Bangalore. The Seminar recommended that the efforts of co-operative societies to build these godowns may be supplemented by generous Government assistance, as in Madras. It recommended that a sum of Rs. 5 lakhs may be advanced to the Central Marketing Co-operative Union to subsidise local societies to build godowns as well as to construct warehouses.

One of the greatest limitations has so far been the lack of transport facilities. It is recommended that Government should hand over to the Provincial Marketing Union lorries now maintained by the Agriculture and the Food Departments. The District Marketing Society will maintain a lorry service for the needs of the district. The Provincial Marketing Union will maintain enough number of lorries for transport within the State and to other areas whenever necessary.

The Seminar recommended that the entire stocking and distribution of agricultural implements, seeds and manure and food grains may be handed over to the Central Co-operative Marketing Union. With the strengthening of the constitution of the Union, it ought not to involve any risk of loss to Government.

The Seminar recommended that credit facilities to the extent of Rs. 10 lakhs may be made available by Government through the Central Financing Agency, at not more than 4 per cent interest, to enable advances being made to producers' co-operative societies in the State.

The Seminar felt that it was of the utmost importance that the Central Co-operative Marketing Union should act as the agency for the dissemination of market intelligence among its constituent societies. Special staff should also be provided for its work, the expenditure in this behalf being subsidised in the first term of years by Government. Perfect co-ordination should be maintained between the Departments of Co-operation and Marketing.

The Seminar considered the desirability of extending co-operative marketing to the various commercial crops. Some of them have already been tackled, e.g., areca, cardamom, cocoanut and cotton. The Seminar was aware of the difficulties which lay in the way of dealing with these commercial crops, often of a speculative nature, on a co-operative basis; such a development may be effected only after study of individual circumstances.

One important matter on which the Seminar laid the greatest emphasis was the representation of Co-operative Marketing organizations on the committees of Regulated Markets constituted under the Mysore Agricultural Produce Markets Act, 1939.

Prospect: 1 a. Constructing or purchasing a spacious building in a place where wholesale business is carried on; b. Opening sub-godowns in each locality where a particular kind of commodity is sold; c. Having godowns at places of production for collecting and stocking seasonal products.

2. Inducing the producers to lodge their produce with the society for sale to their best advantage by giving them seasonal advances on the security of their produce.

3. Securing the sole agencies for all Mysore Government products.

4. Securing a propaganda van and opening a seperate section for propaganda in the State, by visiting each and every place of production, arranging talks to village folk inculcating the ideal of co-operative movement in their minds, arranging for film shows on co-operative activities etc. and generally to instil in the minds of the rural folk that the only solution of the present economic problems of the common man is in *the way* or *path* of co-operative ideals. This Society is to be made *the only* Central Organization for linking the producer with the consumer.

5. Take such steps as are necessary to link up the producer and the consumer on a large scale and higher levels and to be the Central Co-operative Trade Centre to disseminate Co operative intelligence and assistance.

This Society had participated in the All India Co-operative Exhibition organized by the Indian Co-operative Union, Ltd., New Delhi and exhibited some of the producers' societies goods, also arranged for the advertisement of the Mysore co-operative products. In the conference convened by the above Union, this Society has stressed the necessity of opening sale depots of the various commodities produced by co-operative societies throughout India and thus arranging to establish business contacts among them.

The necessity of more producers' societies for the collection of the produce of the area and the proper distribution of the articles supplied by this Society is a long felt need and the Society has for its future object a "**Co-operative Federation of the Producers' Societies**".

In conclusion the Society gratefully acknowledges the assistance and help which it is getting from the Chief Coffee Marketing Officer and the Registrar of Co-operative Societies, Mysore who is very particular that this Society, true to its name should be the Centre of all co-operative marketing in Mysore and to achieve this object he has been rendering every possible assistance.

The Honourable Minister for Co-operation, Sri T. Mariappa, has been equally anxious to develop co-operative marketing and through the ideal of co-operation serve both the producer and the consumer. The Society expects to make very good progress under the protection of the Government of Mysore and the Department of Co-operation ; expects to set up ideal co-operative marketing in the State.

THE COORG PROVINCIAL CO-OPERATIVE MARKETING FEDERATION

BY

P. I. BELLIAPPA, M.L.C.,
President.

Genesis : A Marketing Board was constituted in the year 1942 by the various co-operative marketing societies in Coorg, at Virajpet, the commercial centre of Coorg, for arranging the proper marketing of agricultural produce. It did useful service in the first year of its working, which encouraged the formation of a separate central marketing organization under the name of the Coorg Provincial Co-operative Marketing Federation, Ltd., on 6-4-1943. The growth of non-credit co-operative institutions as a result of the war was so phenomenal that it was found absolutely necessary to have a central organization to co-ordinate the activities of all producers and consumers and multipurpose societies in this province and also to act as a non-official exponent of non-credit co-operative movement.

Objects : The objects of the Federation are comprehensive enough to co-ordinate both production and distribution. They are as follows :--

(*a*) to arrange for the sale of the produce of members and also supply some of their requirements,

(*b*) to rent or own godowns or sale depots or open branches to facilitate the storing and sale of produce,

(*c*) to act as an agent for the disposal of produce,

(*d*) to act as an agent of the affiliated co-operative societies to purchase their requirements,

(*e*) to undertake to work any scheme initiated by the Government for the procurement and distribution of food-stuffs and other essential articles,

(*f*) to co-ordinate generally the activities of affiliated societies,

(*g*) to serve as an information bureau,

(*h*) to arrange for the holding of periodical conferences and business meetings of the producers and multipurpose societies and take necessary action on the resolutions passed at such conferences,

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

Share Capital and Membership: The authorised share capital of the Federation is Rs. one lakh made up of 700 'A' class shares of Rs. 100 each, 600 'B' class shares of Rs. 25 each, and 1,500 'C' class shares of Rs. 10 each. The paid up share capital uptodate is Rs 16,215. 'A' class shares are open to producers' and consumers' societies; supervising unions and urban societies are entitled for 'B' class shares, while rural and other class of co operative societies, sub-agents and the staff are eligible to become 'C' class share holders. There are no individual share holders under the 'A' and 'B' classes. The membership at present consists of 24 'A' class, 10 'B' class and 134 'C' class.

Management: The liability of the members is limited. The management has been entrusted to a Board of fifteen directors, of whom one is an ex-officio representative of the Coorg Provincial Co-operative Bank. The directors elect from among themselves a President, a Vice-President and an Honorary Secretary, who will continue in office for three years. The post of Executive Officer has been suspended, as there was not much work owing to the introduction of control on paddy and other agricultural produce. There is a field staff of two Inspectors and an office staff of three clerks and two attenders. The activities of the Federation are from time to time reviewed by the Registrar of Co-operative Societies.

General Administration: The Federation has now established a fairly good administrative mechinery. The President attends to the day-to-day administrative matters both at Virajpet and Mercra where offices have been established, besides and is attending to the bulk purchases of iron and steel materials at Madras and other places. He also controls the work of the field staff who are expected to visit all the member societies to check their accounts. Several of the big marketing societies are visited by him periodically and advised as regards the transactions with the Federation. A close touch is maintained with the Head of the administration, the Rationing Department, the Registrar of Co-operative Societies and the Coorg Provincial Co-operative Bank.

Business operations: The activities of the Federation from its inception may be classified under the following heads:—

(*a*) Paddy transactions,
(*b*) Agricultural implements and ammunition,
(*c*) Standard and mill cloth,
(*d*) Agency for the supply of ghee,
(*e*) Supply of *Khadi* cloth, tiles, milk powder and cement,

(*f*) Agency for the procurement and supply of iron and steel materials,

(*a*) *Paddy transactions*:—Till now the Federation has been entrusted by the Government with the procurement and supply of 60 per cent of the export quota of paddy to the neighbouring deficit areas of Mysore and Madras. For two years, the Federation with the assistance of constituent marketing societies and stores arranged for the stocking of the Provincial Reserve Paddy and running of rice ration depots.

(*b*) *Agricultural Implements and Ammunition*:—The procurement and distribution of agricultural implements and all kinds of ammunition articles were speeded up during the second great world war, when there was general scarcity. All the consumers' stores, all the producers' societies and some of the multipurpose societies undertook the sale of these articles at controlled rates and effected even distribution throughout the country. Arrangements were made with the Tata Iron and Steel Co., the Mysore Implements Factory and the Shoranur Implements Factory and the Governments of Bombay, Bengal and Sind through the Local Government and the Registrar of Co-operative Societies for the bulk purchase of agricultural implements and ammunition. The trade in these articles amounted to severals lakhs of rupees. More than all the entrustment of the sale of these important articles to co-operative societies helped to bring down the abnormal rise in their prices. For example, a cartridge which was being sold at Rs. 2 to Rs. 2-8 was brought down to As. 6½ to 8 and a *mamooty* (spade) from Rs. 10 to 15 to Rs. 3-8-0.

(*c*) *Standard and Mill Cloth*:—During the last World War the distribution of standard cloth to the value of nearly seven lakhs of rupees was entrusted to the Federation, which carried out the same successfully, eliminating the black market, through the various marketing societies and stores at eighteen centres. The Coorg Provincial Co-operative Bank gave timely assistance to the Federation in finalising this deal by giving a security deposit of Rs. 25,000 to Government. Out of the total selling commission of 3 per cent, 2½ per cent was given to the marketing societies and the balance ½ per cent was shared in the ratio of 3 : 2 between the Provincial Bank and the Federation. The sale of standard cloth at fixed prices saved the people at the time of the great famine for cloth all over.

Soon after the termination of the standard cloth scheme, permits for the sale of mill cloth were obtained by all marketing societies and stores under the auspices of the Federation, and business was commenced. Now abundant quantities of cloth are available at several centres at fixed prices

(*d*) *Agency for the Supply of Ghee*:—A very successful attempt was made in arranging for the supply of A & B class pure ghee, in tins of 56 lbs, all over Coorg through the constituent organized societies on consignment basis, from a reputed firm at Coimbatore. The product was very much appreciated by the consumers.

(*e*) *Supply of khaddar cloth, tiles, milk powder and cement*:—Big consignments of khaddar cloth and tiles were purchased from wholesale merchants at Mangalore and distributed through various marketing societies. As the price of tiles increased by leaps and bounds and there was short supply, this branch of trade was suspended after working for two years. Government appointed the Federation as the sole distributor of processed American milk powder and cement. Unfortunately after some time the milk powder was condemned by Government and the whole stuff was destroyed, the Government bearing the entire cost. Cement distribution to the public was carried on through the Federation for two years, when it was taken over by the C. P. C. Co. Even now agitation by the public is being carried on for the sale of the same through co-operative agency. The cement for Grow More Food Campaign obtained by the Coorg Agricultural Department is being sold through the Federation.

(*f*) *Agency for the procurement and supply of controlled iron and steel materials*:—For the last two years the entire procurement and sale of iron and steel materials for the whole of Coorg has been entrusted to the Federation. In spite of the difficulty in transport, particularly the non-availability of railway wagon space quite a lot of materials like zinc sheets, plain and corrugated iron sheets, pipes, rods, angle iron, flats and other materials have been secured and sold to co-operators and the public, at controlled rates. This has checked very effectively black marketing of these materials.

Financial position.—The financial position as on 30-6-1950 was as follows:—

		Rs.
Paid up share capital	...	16,200
Reserve Fund	...	15,000
Building Fund	...	25,000
Bad and Doubtful Debts Fund	...	700
Dividend Equalisation Fund	...	1,900
Bonus, Rebate and Common Good Fund	...	700

The institution has worked at a net profit of Rs. 4,900 during the year. It has contributed Rs. 20,000 for the Coorg Provincial Co-operative Bank's new building at Mercara, where the Head Office is to be shifted shortly and has purchased the present building where the office is housed at present at Virajpet for Rs. 15,000. Substantial shares are held in the Provincial Bank. A dividend at the rate 6½ per cent is declared annually. It would thus be clear that the financial position of the Federation is quite sound.

Co-ordination and Assistance:—As previously stated, one of the main objects of the Federation is to co-ordinate the activities of all consumers, producers and some of the multipurpose co-operative societies in the State, and all possible attempts have been made to achieve this object. Liberal grants were made yearly towards the cost of the Co-operatve Training Institutes for training young co-operators to fit into jobs like managers and clerks of various stores and marketing societies. The President and the two Field Inspectors periodically inspect the affiliated societies and assist them in maintaining proper accounts and push through sales of articles supplied by the Federation.

Retrospect and Prospect:—It is gratifying to note that the establishment of the Federation is generally welcomed by co operators, co-operative institutions and the general public. This institution came into being at an opportune moment, at the time of the last war and gave a fillip to all the marketing societies by direct assistance of credit accommodation in the nature of supply of commodities on consignment account and also by securing a large volume of trade in paddy, owing to the introduction of monopoly procurement and control, which otherwise would have flown into private channels. More than all this kind of direct assistance, the President of the Federation who had representation in the various Government Committees like the Post-War Development Committee, Provincial Food Council and Agricultural Advisory Body etc. helped to solve the various problems confronting co-operative marketing by timely representation to Government. Indirectly, the Federation helped the marketing societies and other multipurpose societies in getting free Government assistance in the construction of godowns for storage of grains. To help the procurement of food grains by the marketing societies, the Federation secured large advances from Government free of interest and passed on the benefit to the constituent societies. As a Chief Agent of the Government in the procurement of paddy, the Federation did signal service in settling the accounts of paddy supplied to Madras and Mysore Governments by making arrangements to encash locally Government's Paddy Delivery *Vouchers*. Conferences of store societies were specially organized by the Federation and the resolutions passed at such conferences were placed before Government. On account of its various activities, the Federation is rightly regarded as an apex or parent society to all marketing societies and stores

The Federation has a greater role to play in years to come in shaping the destnies of various agricultural marketing societies like Honey, Orange, Cardamom and Paddy and consolidate their working. Coorg marketing societies have a bright future in the sale of her reputed honey, oranges and cardamoms. The Federation intends to explore foreign markets for these products in addition to the efforts made so far in pushing them to all the markets in India. It is also under contemplation to publish periodically a market intelligence report for the benefit of the co-operative institutions and the co-operators at large. As a member of the newly formed Indian Co-operative Union, the Coorg Co-operetive Marketing Federation hopes to link the co-operative trading of Coorg with the other institutions in the various States of the Indian Republic.

THE ORISSA PROVINCIAL CO-OPERATIVE MARKETING SOCIETY

BY

S. A. CHOWDHURY, B.A.,

Principal, Government Co-operative Training Institute, Orissa, Hon. Secretary.

Origin.—The Orissa Provincial Co-operative Marketing Society is one of the latest Provincial Co-operative organizations in the State of Orissa. Although the enthusiasm and the energetic and dynamic personality of the present Registrar provided immediate cause of organization of the Orissa Provincial Co-operative Marketing Society, as in case of other provincial institutions, the necessity for such an organization was there and had been long in existence. There was no society of any type either on district or provincial basis to co-ordinate and to facilitate the working of different types of non-credit societies, which became the order of the day. There was thus need for a central supply organization for consumers' stores, a central marketing organization for production, marketing and multipurpose co-operative societies, and another such institution exclusively for handloom weavers' co-operative societies. The Government Textile Marketing Organization with its several branches in Orissa which had long been in existence prior to the organization of the Orissa Provincial Co-operative Marketing Society, although not a co-operative institution, was for some time placed under the administrative control of the Registrar of Co-operative Societies. It was a supply, co-ordinating and marketing centre for the handloom industry in Orissa including that of weavers' co-operative societies. It was also a dyeing and demonstrating centre. For a time it appeared as though this organization would eventually be converted into a full-fledged Provincial Handloom Weavers' Co-operative Society ; necessary spade work was actually done in that direction. But unfortunately it was not to be a co-operative society. Government seemed inclined otherwise. Instead of converting it into a co-operative society it was altogether removed from the administrative control of the Registrar of Co-operative Societies and was taken to the Department of Industries, with the result that it ceased to be a co-ordinating and a marketing centre for handloom weavers' co-operative societies. The Registrar who had by this time been seriously contemplating to organize central institutions to co-ordinate the work of different types of non-credit societies took the matter into his hands with right earnest and spared no pains to organize and to bring into existence an institution on provincial basis which would at once be a supply, distributive, marketing and co-ordinating centre for all the types of societies mentioned above including the handloom weavers' co-operative societies. The result is the formation of the Orissa Provincial Co-operative Marketing Society in June 1949.

Aims and objects.—With the above back ground it may easily be understood that the Society is designed to cater the needs of different types of societies in the State, be it in the direction of supply, production, distribution or marketing. Among its aims and objects, therefore, the Society provides for the following, viz:

(a) to arrange for the sale of produce or finished products of the affiliated societies and other members to the best advantage;

(b) to purchase or receive for sale the produce or finished products of the affiliated societies and other members to the best advantage;

(c) to purchase and sell directly or arrange for sale or export or import and distribution of raw materials and other requirements of its affiliated societies;

(d) to act as a central supply and purchasing agency for producers' as well as consumers' societies;

(e) to rent or own godowns or sales depots to facilitate storing and sale of goods;

(f) to act as agent of affiliated societies and other members and generally for all co-operative institutions for the disposal of their produce and for procurement of their needs for retail sale;

(g) to serve as an information bureau of raw materials and articles available for sale; and

(h) generally to co-ordinate the activities of the various non-credit societies by getting them into touch with market places, the places of production and the prices prevailing in and outside the State of Orissa.

With the above as its main objects the Society aims at co-ordinating and facilitating the work of different categories of societies such as producers' societies, consumers' stores, multipurpose societies, marketing societies, handloom weavers' societies etc. Instead of organizing a separate central or apex institution for each of the above categories of societies, it has been considered

feasible to have the work done by a single central organization viz. the Provincial Marketing Society. The Registrar being essentially a man of action visualises each society to be able to become in course of time a self-supporting unit by itself and with this end in view, societies are allowed and encouraged to do the bulk of the business themselves. The weavers' societies, for instance, sell the greater portion of their finished products themselves and send only their surplus production to the Provincial Marketing Society. Similarly, most of the primary marketing and multipurpose societies market the surplus produce of their members all by themselves and only occasionally their surplus produce is being sent to be marketed through the Provincial Society. The above policy apart from its theoretical merits and demerits, has been providing a training ground to the members and office-bearers of each primary unit in the art of practical business. Instead of looking at and depending on the apex at each and every stage many of them have already learnt to depend on their own legs and are independently doing their business fairly well. The Provincial Marketing Society steps in only at a stage when it is beyond the scope of a primary unit to do it by itself.

Constitution.—The Society was registered under the Bihar and Orissa Co-operative Societies Act, 1935. There being no marketing unions or federations at the district level, for the time being, the Society is designed to help primary units directly through branches and sales depots. Membership is therefore open to all categories of societies—village primary societies, marketing societies, multipurpose societies, producers' societies, consumers' stores, central banks and also individuals. The bye-laws of the Society provide for the first Board of Directors to be nominated by the Registrar for a period of 3 years after which they will be elected by the General Body. The Board under the bye-laws is to consist of 15 members of whom 13 shall be elected by the share-holders and 2 ex-officio specially to be nominated by the Registrar. The President, the Vice-President and the Treasurer shall be elected by the directors from among themselves while the Secretary shall be appointed by the Registrar. The President, the Vice-President, the Treasurer, the two ex-officio members nominated by the Registrar and two other members to be elected by the members of the Board from among themselves constitute the Executive Committee in which the day to day administration of the Society shall vest, subject, of course, to the control and delegation from the Board.

Lines of Business and Transactions. The main lines of business of the Society for the time being are:—

(*a*) to encourage co-operative marketing of surplus agricultural produce of affiliated societies,

(*b*) to market the handloom textile fabrics of affiliated weavers' co-operative societies,

(*c*) to market the products of industrial co-operatives including women's societies,

(*d*) to sell the products of non-agricultural non-credit societies under liquidation,

(*e*) to function as a wholesale supply centre for consumers' stores,

(*f*) to organize the marketing of minor forest produce in agency tracts and

(*g*) to supply pure articles of food to the consumers at places where there is a branch or a sales depot of the Society.

As regards marketing of surplus agricultural produce, the Society is organizing co-operative marketing of pulses and oil-seeds in eleven multipurpose co-operative societies in Angul area in Dhenkanal District and Banki area in Cuttack District. The Society has been able to dispose of agricultural produce worth about Rs. 50,000 belonging to these 11 multipurpose co-operative societies thereby earning a commission of Rs. 804 at Rs. 1-9-0 per cent. This does not however mean that the business of all these multipurpose societies is confined to a total marketable produce worth Rs. 50,000. It has already been stated that each society is being encouraged to do business on self sufficient basis; accordingly these eleven multipurpose societies themselves sold a good portion of the produce collected and assembled by them. The Society also organizes the marketing of turmeric (*Haldi*) produced by the members of the Agency Marketing Society at Ticcabali in Ganjam Agency. Turmeric worth over Rs. 50,000 per year is being marketed from this Society for which the Provincial Marketing Society does not charge any commission as the producers are people of backward areas. It also helps in the marketing of cocoanuts from the Cocoanut Growers' Co-operative Society at Sakhigopal in the Puri District.

The Provincial Marketing Society accepts handloom cloth for sale on deposit basis from all the weavers' co-operative societies in the State. These societies are free to sell their products in the open market, but if they find that they cannot market any portion of the goods they send it on to the Provincial Marketing Society for sale on deposit basis. The Provincial Marketing Society sells them at the price fixed by these societies and renders monthly account of sales deducting there from Rs. 6-4-0 per cent as commission.

It is gratifying to note that ever since the formation of the Provincial Marketing Society the handloom weavers' co-operative societies do not face the problem of unprofitable accumulation of stocks and their marketing. The weavers' societies therefore freely send a portion of their monthly production to the Provincial Marketing Society without waiting to see if the products could be sold near at the production centre itself. Last year when there was huge accumulation of coarse yarn, the Society got produced coloured winter chadars and marketed them at 10 places, thus helping the weavers' co-operative societies to get rid of their unmarketable variety of yarn conveniently. The Society also deals in pure silk and tassor fabrics and Khadi cloth produced in famous centres of the State.

As regards industrial societies the Provincial Marketing Society deals in the following products:

(1) Fancy horn articles of all-India fame from the Viswakarma Co-operative Society at Paralakimidi in Ganjam District.

(2) Artistic stone sculpture from Puri and Sambalpur Districts.

(3) Fancy lac works from the Lac Workers' Co-operative Society at Nawarangpur in Koraput District.

(4) Fancy wooden articles from Khandapara.

(5) Ready-made garments, door-mats, pickles, baskets etc. manufactured by women's societies.

(6) Famous bell-metal goods from the Baidyarajpur Bell-metal Society in the Cuttack District.

(7) Pure Honey from bee-keepers' co-operative societies in Balasore District.

(8) Hats from the Orissa Co-operative Hat Factory.

(9) Edible oils from *ghani* co-operative societies.

(10) Common salt from the salt production and sale co-operative societies.

The Provincial Marketing Society helped in disposing of the goods remained unsold on the date of liquidation of the following: societies.

(1) The Utkal Co-operative Cloth and Yarn Syndicate.
(2) The Balipatna Weavers' Co-operative Society.
(3) The Athamallick Co-operative Store.

In each case the Marketing Society was able to render efficient service in the disposal of goods and could fetch them much better price than they could have obtained by any other means

In respect of supplying necessary stores to the consumers' societies, the Society has been obtaining, direct from the source of production, the following articles viz. hurricane lanterns, petromax lights, washing soap, iron-pans, alluminium goods, buckets, graded ghee, sati-food, sewing thread, dyes and dyeing chemicals, common medicines, useful books etc. These articles have been supplied to various consumers' stores and multipurpose co-operative societies throughout the State.

Through the ceaseless and untiring efforts of the Registrar the Government of Orissa in the Department of Forestry have been pleased to grant monopoly in the collection of the following minor forest produce in the Ganjam Agency forests :—Tamarind, broomsticks, siali leaves, marking-nuts, horns and hides, sabai grass, mat-reeds etc. The Provincial Marketing Society has paid the necessary royalty to the Forest Department. It has been carrying the scheme of collection and marketing of minor forest produce through its representative, the Agency Marketing Society at Ticcabali, providing, of course, necessary funds to the latter. During the very first year of taking lease of this forest monopoly, minor forest produce was collected at a cost of about Rs. 30,000 out of which produce worth Rs. 48,000 was sold leaving a balance of stock valued at about Rs. 7,000 at the end of the year.

Lastly the Provincial Marketing Society retails through its sales depots pure articles of food such as edible oils, graded ghee, honey, sati-food and mustard, gram, turmeric etc., produced by agricultural societies. The Society has already made a name in Cuttack for its quality goods, the public demand for which is growing in spite of the fact that the price charged by the Society in some of the above goods, is slightly higher than the market rate.

Progress.—Judging by the benefit the Provincial Marketing Society has conferred on the different types of co-operatives during the first year of its existence, the progress, it should be admitted, is satisfactory. Out of the total goods worth about Rs. 1,20,000 obtained by the Society during the year, goods worth Rs. 92,000 are from affiliated societies The Society sold, goods worth Rs. 99,800 during the year, leaving a stock valued at Rs. 30,000 at the end of the year. The Society earned a net profit of slightly over Rs. 5,000 in the first year in 1949-50. Apart from doing fairly a good business during its very first year the Society has been able to help to the full extent the weavers' co-operative societies who were very nearly thrown at large after the Government Textile Marketing Organization had been placed under the Department of Industries They now feel much relieved from their anxiety of marketing their products and devote themselves more and more towards the production side. Similar is the case with other industrial societies. The consumers' stores and multipurpose societies feel themselves relieved from the danger, of being duped and exploited by a chain of middlemen. The general consuming public of Cuttack have already noticed in the Society an assured place for obtaining pure and quality goods. Through its minor forest produce scheme so marvellously devised by the Registrar the hill-men of the Agency are doubly benefitted. Prior to the organization of the Society, the hill tribes who actually collect the produce used to be thoroughly exploited by the forest contractors. They are now not only assured of higher wages for their labour but a fair return of the surplus profit in the shape of dividend, for the hill-men themselves are members of the Agency Marketing Society at Ticcabali which has been executing the scheme on behalf of the Provincial Marketing Society. Under the terms of agreement between the Provincial Marketing Society and the Agency Marketing Society, the latter is to allow the former to share only Rs. 6-4-0 per cent of the net profit earned out of this business.

Although the facts and figures presented above are not indicative enough of a large and assured business, the Society may be said to have made fairly a good start on right lines. Unlike in other States the Society began to function without any Government subsidy and it also had not the privilege of dealing in controlled commodities. Besides it has to face competition with the Orissa Textile Marketing Organization which is a heavily subsidised Governmental concern. It has therefore started from its infancy on a self-sufficient basis. With a meagre paid-up share capital of a little less than Rs. 13,000 and without borrowing a single pie from the Provincial Co-operative Bank, it has done really well especially in a State where people in general lost their faith in the co-operative movement for about two decades. Moreover, in-as-much as the Society is to facilitate the working of small non-credit societies of recent origin—mostly of less than three years with only a small business to their credit—it could not have done better.

Promise for the Future.—Being itself a baby institution, it has not yet faced the hard problems of grown up life. Excepting some initial difficulties it has no major problems awaiting solution. It is going ahead with faith in its future prospects. It is on the look out for "fresh fields and pastures new" so as to be more useful to its affiliated societies in future. Recently it has secured a quota of Tata Agrico implements for supply to members of agricultural societies through its affiliated societies. The Registrar has been in correspondence with the Government and the Textile Commissioner, Bombay for supplying yarn to weavers' co-operative societies and yarn distribution co-operatives through the Provincial Marketing Society. When this scheme materialises the Society proposes to open a few dyeing centres in the State. In view of the growing popularity of the minor forest produce scheme among hill-men in Agency areas, the Society is looking forward for a gradual extension of the scheme to other Agencies. The Society also aims at obtaining an agency for distribution of oil-cake manures and chemical fertilizers.

C. P. & BERAR PROVINCIAL CO-OPERATIVE MARKETING AND SUPPLY SOCIETY

By

P.L. DHAGAT, M.A., LL.B.
President, P. M. & S. Society, Nagpur.

During the last war several tahsil agricultural associations and multipurpose co-operative societies had come into existence doing business mostly in controlled commodities. With the close of the war and the imminent change over in Government, interest in these institutions was getting lost. The year 1947 saw the registration of the largest number of co-operative institutions. After registration, however, their founders noticed that their hopes were not likely to be fulfilled. The business of controlled commodities was quietly changing hands and private individuals were threatening to drive out co-operative institutions from the business field. The latter, therefore, thought it advisable to call a conference of all trading co-operatives of the State to assert co-operative opinion and bring pressure to bear upon the Government to stop the imperceptible process of passage of business from co-operatives into the hands of private individuals. The 1st conference of the non-credit co-operatives was held in January 1947, where it was decided that it was imperative to organize a central co-operative non-credit institution to focus the attention of the Government towards the movement and afford, financial, managerial and other forms of protection to the smaller, weaker and ill-equipped co-operative organizations. A small committee was formed to choose ways and means to achieve this objective. A determined effort was made with the active assistance of the Department of Co-operation. Thus the C. P. & Berar Provincial Co-operative Marketing and Supply Society, Ltd., Nagpur, (the P.M S.S.) was registered on the 15th of August, 1948. The formation of the Society in this State also marked the completion of that picture of the organization of the non-credit movement in this State which Shri K. N. Nagarkatti, I. C. S., ex Registrar, Co-operative Societies, had drawn in his five-year plan for the co-operative movement. Before the formation of this Society, the different regional agricultural associations functioned almost independently of each other. The five-year plan portrays the provincial marketing organization as a parent body, the various regional agricultural associations affiliated to it, and the multipurpose societies and co-operative stores in villages and towns affiliated in turn, to the various regional agricultural associations. The Provincial Co-operative Marketing and Supply Society, as the name suggests, has double functions of marketing the goods received by it from the various co-operative institutions in the State on the one hand, and to meet the requirements of the affiliated co-operative bodies on the other. Some of the objects of the Society as embodied in its by-laws are as below:—

(i) to arrange for the sale of agricultural and other produce of affiliated societies and of their members through their respective societies to their best advantage;

(ii) to rent or own godowns or sales depots to facilitate the storing and sale of produce and to do the business of licensed warehouse-keepers;

(iii) generally to co-ordinate the activities of the various co-operative societies by getting them into touch with the market places, the places of production and the prices prevailing in the State or elsewhere;

(iv) to purchase and sell directly, or arrange for sale or export or import and distribution of the raw materials required for industrial or manufacturing concerns, and with this object in view, to serve as an information bureau for affiliated societies of raw products and articles available within the State or elsewhere;

(v) to advance money on the security of produce deposited by affiliated societies for sale;

(vi) to act as a central purchasing agency for agricultural producers' as well as consumers' societies and for other members;

(vii) to start branches and depots wherever necessary in the State after securing the approval of the Registrar, Co-operative Societies;

(viii) to take up activities such as conversion of raw materials into finished products, making use of the by-products for manufacture of goods of all kinds, etc., with the previous sanction of the Registrar, Co-operative Societies.

Various co-operative associations, certain co-operative banks, multipurpose societies and stores purchased the shares of this Society. The authorised share capital of the Society consists of Rs. 10 lakhs divided into shares of Rs. 100 and Rs. 1,000 each. Hundred rupee share is issued in favour of co-operative societies whereas, Rs. 1,000 share is issued to individuals, who desire to be enrolled as members. In addition, to these two classes of share-holders, the State Government was also approached to contribute to the share capital of the Society to the extent of the share capital raised from these two types of share holders. This proposal was accepted by the Provincial Government and a contribution to the extent of Rs. 1,49,200 was made by them to the share capital of the Society. A total of Rs. 3,04,520 is thus raised from the aforesaid three classes. But the fulfilment of the objects of the Society demanded a substantial amount of working capital, which could not be easily raised from the movement. The Government therefore agreed to advance a sum of Rs. 30 lakhs as loan to the Society to carry on its business. In the scheme of formation of this Provincial Marketing Society, State aid thus had an important place The services of an Assistant Registrar of Co-operative Societies to function as the Secretary of the Society, were also made available by the Government. The amount of Government loan of Rs. 30 lakhs was, however, reduced to Rs. 20 lakhs as a measure of economy. The Society holds at present Rs. 20 lakhs as Government loan. Under its by-laws, the Society can raise loans to the extent of eight times of its paid up share capital and funds. Thus the total loans available to the Society could not under its bye-laws be more than Rs. 24,36,000. Deducting Rs. 20 lakhs advanced by the Government the balance of Rs. 4,36,000 was left as the amount which the Society could obtain from the Provincial Bank and the market. It has borrowed from the Provincial Bank, Nagpur to the extent of Rs. 3,84,000. The total working capital of the Society thus is Rs. 26,88,520.

The State having contributed substantially towards the funds of the Society, it has naturally reserved a managing interest in the Society. The first Board of Directors has been nominated by the Government to hold office for a period of three years. The President and Vice-President of the Society are also nominated by the Government for the first three years. The Board of Directors of the Society has representatives from agricultural associations, co-operative institutes, co-operative banks, wholesale urban stores, the Provincial Weavers' Co-operative Society, the shareholders and State Government.

As would be apparent from the aims and objects, the Society has an ambitious programme of organizing the rural market. But just about the time the Society was organized, the State Government decided to set up for the distribution of cloth, some agency, which would serve as a counterpoise to the normal trade. This agency could be either State-owned or co-operative.

An offer in this behalf having been made to this Society it was accepted. And thus cloth came to be the first item of the Society's business. It was appointed by the State Government as its nominee for 25 per cent of the cloth produced in the various cloth mills in this State. Besides, it was also appointed as one of the three importers of Bombay and Ahmedabad cloth in Nagpur district. The Society was to distribute this 25 per cent of cloth through the affiliated tahsil agricultural associations and the latter to the multipurpose societies and stores affiliated to them. The multipurpose societies and consumers' stores served as retailers, selling cloth to consumers The cotton cloth control order of 1948 did not provide for any semi-wholesaler. But in the view of this cloth distribution scheme, the State provided for the agricultural associations to function as semi wholesalers supplying cloth to their affiliated co-operative societies on their 'B' class licences. The margins of profit as amongst the Provincial Marketing Society, the associations and the multipurpose societies were fixed by the Registrar, Co-operative Societies within the frame work of Cotton Textile Control Order as follows:—

Provincial Marketing Society	...	Rs.	3·2 per cent
Agricultural Associations	...	,,	3·2 ,,
Multipurpose Societies	...	,,	9·6 ,,

In this way, the cloth distribution scheme was set going from October, 1948. Most of the regional associations also took to cloth for the first time. They had to arrange their affairs in the light of the new requirements They had their own difficulties—organizational, as well as, financial. They could not lift the entire share of cloth, which was estimated for them while fixing up the 25 per cent as our share of the provincial production. There were occasions when the P. M. S. S. could not clear all the stocks through the co operative societies and had, therefore, to obtain permission from the State for the clearance of accumulated cloth through the normal trade channels. During the first year of its working, the P. M. S. S sold cloth worth Rs. 54,58,318. As this task was huge and the financial implications were heavy as Government loan was not available during the period the P.M S.S. had to appoint lifting and clearing agents to handle the business on a commission basis. This amount was considerable and the first year's profit of the Society was only Rs. 5,956 net. The initial organi. zational equipment also made the expenditure side rather heavy.

During the second year of its working, the Society opened branches at two places, namely Katni and Mandla where the local tahsil agricultural associations were unable to carry on their normal functions. At these depots, the distribution of sugar, salt, cement, cloth, iron and steel, food-grains and Kerosene oil was taken up. An important item of business taken up by the Mandla Depot was the collection and sale of myrobalans. The Society took forest contract for the collection of myrobalans in Mandla forests during the year 1949-50. The total collections of the year aggregated to about 34,000 Mds., almost all of which could be disposed of profitably. This business was reported to be rather risky and bothersome. Some of the earlier contractors sustained huge losses on this business. The P. M. S. S., however, made a profit of about Rs 4,000 without having to face problems of accumulation of stocks etc. Since the affairs of the Mandla association are being revived, the P. M. S. S. is withdrawing itself from these areas and is also giving up myrobalans contract. The Society helped financially one industrial leather society at Nagpur in the matter of supply of raw materials to it and the fishermen's society for getting the seedlings for the tanks owned by it. Both the societies gained substantially by their affiliation with the P.M.S.S. Two of the affiliated associations, namely, Gondia and Itarsi, which had financial difficulties in their normal business, also received financial assistance from the P.M.S.S This came in for some criticism by the Provincial Co-operative Bank who claimed that the finance of co operative institutions was their special line and that the P.M.S.S should not have interfered in their monopoly. The arrangement under which finance was supplied to these producers' societies was entirely different from the one on which the banks usually do business. Any way the P.M.S.S. would like banks to come forward in increasing numbers to finance the trading co-operatives; should they like to take it up. In the past they did not rise to the occasions that faced the movement. The P.M.S.S. had to help trading societies by obtaining business for them, providing them funds etc. The P.M,S.S.'s financing is not only providing finance but it was intended to promote marketing.

Another important business which the Society took up during the year 1949-50, and which it still carries on, is the distribution of sugar in the Nagpur district. The total business done during five months of the year 1949-50 amounted to Rs. 3,74,000 and the net profits of the Society during the year 1949-50 are estimated to exceed Rs 50,000.

In the course of doing the aforesaid business, the P. M. S. S. had to face many difficulties some of which are inherent in the trades handled by it. Most of the difficulties are being tided over with experience. The affiliated co-operative societies, as said above, have not shown that degree of financial efficiency, which we expected of them for handling the 25 per cent of cloth meant for distribution through them. They could not purchase much nor could they clear the stocks easily. The P. M. S. S. had to sell the surplus stock to traders. Simultaneously, there has been almost a continuous hostility from the side of the mills and the 'A' class traders, who resented very much the reservation of 25 per cent of the cloth made in favour of the P.M.S.S. This reservation has of late been reduced to 15 per cent. The weakness of our constituents was responsible for this, inasmuch as we could not actually lift more than half of the cloth which was reserved for us.

It will be seen from the above that the P.M.S.S. has in a large measure been so far handling the supply side of its work. The marketing part of its functions was the marketing of myrobalans. The proposals like marketing of rice, groundnut and other grains have been engaging our attention. But some reason or the other has come in our way in proceeding in that direction. Certain of the affiliated agricultural associations are in a position to supply food grains for marketing purposes But our other commitments do not permit us to help them in this task. The work, however, could not be taken up partly due to governmental restrictions on the export of food-grains and partly due to the want of mutual confidence between the affiliated societies and the P.M.S.S. While the affiliated associations desired that the P.M.S.S. should purchase the stocks held by them, the P.M.S.S., could not agree to take the entire risk of price fluctuations, damage etc.

The whole problem of organizing co-operative marketing on right lines yet remains to be tackled. The outer frame-work has been created. But units making up the structure are too weak to sustain the weight of marketing of agricultural commodities. The multipurpose societies and the regional associations perhaps expect that the Provincial Marketing and Supply Society is the cure all for all their troubles. The P.M.S.S. on the other hand, although called a parent body, is yet a child. It naturally moves with caution. Real organization of co-operative marketing has to begin from the bottom. The multipurpose societies should market the produce of the members through the regional associations; and

the goods received from regional associations should be marketed by the P.M.S.S When such a state of business will develop, it is difficult to say. The co-operative units down below, are with a few exceptions, dealing on the supply side of their activities. They are handling mostly the controlled commodities for distribution.

There are a few industrial societies like those of the leather workers, potters, iron workers, brass metal workers etc. Their problems relate more to management than to marketing. If they had no internal factions, dishonest dealing or other troubles, the P.M.S.S. could take bolder steps to take up the marketing of their goods. But, at this stage of its life, it cannot afford to divert its energies to solving the internal troubles of other societies when it has its own problems to solve. Each co-operative society is a autonomous unit, and it is difficult to control them.

Where, however, possibilities of taking up marketing of goods are seen, the P.M.S.S. considers the possibility of taking up the work either independently or under some sort of partnership with the local co-operative associations. The branch system of working has an easy appeal, since it is so very cohesive and promises effective direction and control of the lower units. All banks and big business concerns owe their large and efficient business to the branch system. But the P.M.S.S. has always considered it improper to spread its wings in the jurisdiction of the local co-operative association. The Provincial Marketing Society is proposing to enter into some form of a partnership arrangement with local associations and by that method, the benefits of a branch-system may be available. The fear, however, is always there that the local associations being democratic bodies—with their own internal problems, the P.M.S S. may not be able to exercise effective control on them. The present practice is to enter into agreements with the associations wherein reference on every matter of dispute is referrable to the Registrar of Co operative Societies for decisions. The P.M.S.S. has entered into a few such profit sharing arrangements with certain agricultural associations which are running successfully so far. How far these experiments would encourage us for further expansion, experience alone will show. The fact, however, remains that for organizing marketing and supply effectively for the whole of the State, the P.M.S.S. may have to knit up the various marketing units into one pattern whereby they could function as a branch, one to the other.

ACKNOWLEDGMENTS

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REVIEWS

ECONOMICS AND THE PUBLIC WELFARE.—*By B. M. Anderson. (D. Van Nostrand Co., Inc., New York, and MacMillan Co., Ltd., London. pp. 602; Price $6.)*

Books on economic history are usually dull and difficult to read. But this work by Dr. Anderson, the author of "The Value of Money", recounting the developments from World War I to very recent times (1914–1946), a period comprising two great wars, a great depression, and unprecedented political and economic changes, is absorbingly interesting. The bulk of the book deals, naturally, with the period between the two wars. Important economic events, their causes and effects, economic theory and practice, all are discussed here from a vantage position by a competent economist, associated for long with the Chase National Bank of New York, in touch with great personalities both in the U. S. A. and in Europe, and actively participating in public affairs. The author is, of course, primarily concerned with developments in the United States, but inevitably, those in the rest of the world also come in, and on all these he throws a flood of light.

Many students of economics may find Anderson's exposition and views at variance with much of their own thinking, and even unpalatably so. He is a scathing critic of Keynes and his theories, of the now fashionable doctrine of governmental economic planning, of the extreme policy of cheap money, initiated, according to him, long before the depression and adhered to even during World War II and afterwards, of monetary management of the modern type and even of the new international institutions such as the International Monetary Fund and the International Bank for Reconstruction and Development. Both the last great depression and our current economic difficulties are largely atributed by him to governmental mismanagement of economic affairs. He believes in the old system of private enterprise, free trade, minimum governmental intervention, the international gold standard, and sound finance.

Whether one agrees with his views or not,—and he presents them effectively with a great deal of reason—it is undoubtedly worthwhile reading this book carefully to appreciate the strong case he presents for what we are apt to neglect as old-fashioned economics. Many aspects of economic life, obscure even to several economists, become clear when discussed in relation to practical problems as is done here.

One point of view emphatically presented by Anderson is that historical processes are not merely the result of impersonal social processes, and that the persons who are at keyposts and are responsible for policy decisions matter a great deal.

The following sentences from the foreword by Henry Hazlitt are very appropriate in assessing the book :—

"Its sense of drama, its unfailing lucidity, its emphasis on basic economic principles, its recognition of the crucial roles played by outstanding individuals, its realistic detailed description of the disastrous consequences of flouting moral principles or of trying to prevent the forces of the market from operating, combine to give this book a sustained readability seldom found in serious economic writing, in spite of the admirable early model set by Adam Smith. Here is the economic history of the United States in the fateful period from 1914 to 1946. This history is quite properly seen not in isolation but as an integral part of world economic history; for, the true economic liberal, like Anderson, is never an economic isolationist or nationalist."

We unhesitatingly recommend this book as very interesting reading for laymen while it is essential for professional economists.

T. S. RAO.

CO-OPERATIVE RURAL DEVELOPMENT IN INDIA—*By G. P. Shukla. (The Universal Publishers Ltd., The Mall, Lucknow*; pp. 152. Rs. 3/12.)

This book which outlines a plan, particularly with reference to conditions in the State of Uttar Pradesh (United Provinces), for the creation of a Co-operative-Cum-Panchayat Organization, advocates the merger of the functions of the multipurpose co-operative society and the statutory Panchayat and their respective administrative organizations, with a view "to unite all the people of the village and successfully execute any scheme of rural development on co-operative lines." For some years past, controlversy has been raging in the country over the introduction of some element of compulsion in the co-operative field. The advocates of this view, particularly noticeable in the U.P., have been urging the organization of multipurpose co-operative societies endowed with coercive powers of a govermental character, as it were, as a means to ensure success in rural development work; but we have little evidence of the actual success of such experiments.

Long ago, however, the Webbs have warned co-operators in unmistakable terms against this loose and ambitious talk, of merging the voluntary and coercive principles in one and the same institution. "This vagueness of thought" they said, "with its mutually inconsistent aspirations is an intellectual weakness from which co-operators would do well to free themselves.... Neither universality of membership nor legally compulsory powers can ever be the attribute of voluntary associations." In effect, the co-operative society cannot take the place of the Panchayat and *vice versa*.

To any one who has worked in the rural parts of India, it should be obvious that the problem is not so much one of organization—in fact the

villagers suffer from too many organizations and agencies imposed on them, with mutually overlapping functions—but one of coordinated effort and enlightened leadership that will kindle local talent and patriotism with such a missionary zeal that will unite village-folk for common endeavour and development of the community as a whole. And this object cannot be attained by violent reorganization of the existing agencies against tried and accepted principles and practice of such institutions, but by allowing them free play to function in their own respective spheres efficiently and coordinating their activities with a helping hand from above. "No proper integration of village development with wider State policy is possible," as another eminent authority (the Hon'ble Sri N. Gopalaswami Iyengar) has stated, "without the assistance of a statutory body in the village itself with sufficient prestige, influence and power." The plan advocated by the author, instead of tending to regenerate the corporate life of village community as a whole, will only increase "the confusion in the minds of the simple village-folk," which he seeks to avoid.

K. JAYARAMAN.

CO-OPERATIVE CONFERENCES AND MEETINGS

THE SILVER JUBILEE CELEBRATIONS OF THE MYSORE PROVINCIAL CO-OPERATIVE INSTITUTE

Held on 29th April 1950

Extracts from

The Welcome Speech by Sri S. Srinivas, President.

Some eighteen years after the introduction of the co-operative movement in the State in 1905, it was felt by the Mysore Co-operative Enquiry Committee, 1923 that there should be formed a central organization, representative of societies which could undertake supervision, propaganda, the publication of bulletines and magazines and the holding of training classes for supervisors and other men interested in or working in co-operative societies. Just to meet these needs the Mysore Provincial Co-operative Institute was established in September 1924. The Institute owes its inception chiefly to the efforts of the late Sri K. H. Ramayya who was the Registrar of Co-operative Societies, the late Sri M. Shama Rao, who was then the President of the Provincial Co-operative Bank and other co-operators of Bangalore.

It is for the Institute, to take the message of Co-operation to the towns and villages and to bring together co-operative workers in meetings and conferences so as to act as a forum for discussion of problems and as a focus for the formulation of non-official policies for the development of Co-operation. In fact as you all know, the conference is being held every year since 1926 under the auspices of the Institute providing thus the co-operators in Mysore an opportunity for comparing experiences, locating difficulties, suggesting remedies and ensuring generally a speedy and successful course for the co-operative movement. The Co-operators Home at Mysore has been a permanent source of instruction and inspiration, working year in and year out to help those who are engaged in the development of co-operation and good citizenship.

The Institute has been, in addition to the above statutory function of holding conference, editing a Kannada Journal since the year 1925.

With the rapid expansion of the movement since last year and the increase in the volume of work, untrained staff have been recruited both for the Department and institutions. They all require to be trained for the efficient discharge of the duties and for the progress of the movement on correct lines. The Institute as usual has been looked up by Government for this purpose and it has been on this count liberally subsidised to an extent of Rs. 3,000. And in three of the districts, training classes are being conducted.

Extracts from

The Presidential Speech of Sri M. A. Gopalaswamy Iyengar, M.A., B L.

The Provincial Co-operative Institute, the Provincial Co-operative Bank and the Department of Co-operation constitute the Trinity of Co-operation in the State. The Co-operative movement works mainly through these three arms—the administrative arm represented by the Department, the financial arm by the Provincial Bank and the propagandist and educational arm by the Provincial Institute. The successful and healthy development of the movement will largely depend upon the harmonious and efficient working of these three agencies.

The Government inaugurated the movement with the idea of training the people in economic self-government and ultimately handing over the control of the movement to them. But this idea has not been kept up. Instead of relaxing official control, there has been a strong tendency to make it tighter. The Co-operative Societies Act has been amended from time to time with a view to investing the Registrar with wider powers of control over the movement. The official apology for this retrograde tendency is that the number of competent and public-spirited workers is not commensurate with the magnitude of the work to be done and that the time for putting into practice completely the ideal of a self-contained and self-governing movement has not yet come. A vicious circle has thus been created and it is the duty of co-operators to devise ways and means to break this vicious circle.

It is needless for me to state that it should be the ambition of the Mysore Provincial Co-operative Institute to strive to secure the same position of power and influence in the co-operative movement in the Mysore State as the British Co-operative Union. It should indeed aim at becoming the permanent Cabinet of Co-operation in Mysore. In order to achieve this high aim the Institute requires to be fully strengthened. It would need the loyal and whole-hearted support of all co-operative societies and the people. It should be the right as well as the duty of every co-operative society to affiliate itself to the Institute.

The most urgent and important task of the Institute to-day is, therefore, to prepare a comprehensive plan of co-operative propaganda and education and to mobilise the best elements among the people for the service of Co-operation. In order to enable the Institute to achieve its objects, it is necessary that people imbued with missionary zeal and patriotic fervour should come forward in large numbers to strengthen and support the Institute. I have no doubt that all patriotic citizens of Mysore will readily respond to this urgent call of duty and join hands with the Institute in the noble work of the economic and social regeneration of the masses. And I have every hope that the Institute will grow from strength to strength and will be able, at no distant date, to guide fully the co-operative movement in the State.

THE MYSORE STATE SEMINAR ON CO-OPERATION

Held at Nanjangud from 3rd to 13th May '50

Summary of Recommendations

The Mysore State Seminar on Co-operation was inaugurated on the 3rd May 1950 at Nanjangud by the Hon'ble Sri K. C. Reddy, Chief Minister, Mysore. The Seminar concluded on the 13th of May when the report was presented to Sri T. Mariappa, Minister for Co-operation, Mysore, who delivered the valedictory address.

The Government of Mysore donated a sum of Rs. 3,000 towards expenses of the Seminar, besides placing at the disposal the services of the officers of the Co-operative Department. The Registrar of Co-operative Societies, Mysore, was appointed as the Director of the Seminar, while the President of the Provincial Institute was the Deputy Director.

The Report was divided into 10 chapters. The recommendations are made in detail for the creation of a model co-operative structure.

Finance :—The Seminar resolved on a scheme of integrated credit based on primary credit societies and circle multipurpose societies at the bottom, grouping into taluk multipurpose societies which in turn federate into the Apex Bank. The Apex Bank which deals with the short and medium credit and long credit for land improvement only would depend for its funds on the shares and deposits from member banks and advances from Government and funds raised by way of debentures. The Apex Bank should also provide finance for special types of societies like the Central Industrial Co-operative Corporation, the Central Co-operative Housing Society, the Mysore Provincial Marketing Union and any other functional groups that may federate into central agencies. To enable the Bank to function effectively it was urged that the Government should come to its aid to help it open and run branches and pay offices all over the State. The taluk multipurpose societies would act as the Apex Bank's agents for trade purposes and would be allowed cash credit or loans to enable them to meet the needs of the members. The circle multipurpose societies should affiliate themselves to the Apex Bank.

With reference to urban credit the Seminar felt that it was desirable that the area of operations of the existing societies in cities and towns should be delimited in some manner and that overlapping should be avoided and that eventually at least in larger urban areas there should be a single co-operative bank having a number of branches according to the needs of the place.

With reference to mortgage finance, the Seminar held that there should be one President and one Secretary, unless conditions warrant otherwise, for both the primary land mortgage bank and the taluk multipurpose society with a view to ensuring better co-ordination. Further to step up the quality of work and speed up disposal of loan applications it was felt

necessary to have a full-time paid secretary as well as a legal adviser for the primary societies.

The Seminar stressed the necessity to have a separate Deputy Registrar of Co-operative Societies with a suitable staff of inspectors and case-workers for land mortgage work. It was laid down that Government should administer rural credit including takkavi and land improvement loans solely through the financing agency of the primary institutions mentioned above.

Farming :—An intensive drive for the adoption of co-operative farming was recommended both in the context of the Grow More Food scheme, under which it is essential not only that the existing cultivation should be intensified but that additional lands should be brought under cultivation, and for sociological purposes to be served by introduction of co-operative principles in the pursuit of agriculture. As the successful application of co-operative better farming does not require any special conditions or restrictions, the Seminar recommended that this might be taken up by the multipurpose societies. It also recommended that other new types of societies might be affiliated either to the circle or taluk multipurpose societies at their option. It further recommended that co-operative tenant farming and joint farming in certain areas and collective farming in large areas of land hither to reserved by Government like Amrithmahal Kaval, Date Groves released, forest lands etc., might be taken up. It was felt that if the schemes should succeed Government's assistance on a very large scale, at least in the initial stages, was absolutely necessary. The Seminar further recommended that a Central Board with the Minister in charge of Agriculture as Chairman and with a mixed membership of officials and non-officials might be constituted to guide the work of co-operative farming in the State. It urged the necessity of a guarantee of minimum fair prices to the cultivator and the introduction of a scheme of crop and cattle insurance.

Consumers' Societies :—The Seminar considered it advisable that all primary rural consumers' societies which prefer to lead an independent existence should be induced to affiliate with the taluk multipurpose societies. The primary consumers' societies and other societies besides taluk multipurpose societies should be affiliated to the district marketing society, which will have charge of the transport work of the co-operative institutions of the district involving maintenance of lorries, etc.

As a rule cash sales were recommended except in cities and district headquarters towns, where credit might be allowed by the Managing Committee to the extent only of the member's unencumbered assets in the society, the period of repayment being confirmed to a maximum of two months. The necessity of every society having a godown at taluk and district headquarters was emphasised.

Marketing :—The structure of co-operative marketing as recommended by the Seminar consists of producers' and consumers' primary societies at the bottom comprising largely of multipurpose societies and other types of societies which federate into the district marketing societies which in turn affiliate to the Provincial Marketing Union. The Provincial Union should finance the primary unions for grant of produce loans to agriculturists on the pledge of their goods in the warehouses and godowns of unions and their primary units. The two important functions of the Provincial Union should be maintenance of consumers' service through the agency of primary unions comprising taluk and circle multipurpose societies and collection and marketing both inside and outside the State of agricultural produce. For the efficient discharge of the latter function the Provincial Union might open branches or buying agencies in suitable places making use of the district marketing societies and taluk multipurpose societies as far as possible.

The district marketing society should have independent marketing functions and maintain a transport service to satisfy the needs of co-operative institutions in the area. The primary unions would affiliate both to the district societies and to the Provincial Union.

The Seminar recommended that the entire stocking and distribution of agricultural implements, seeds and manure and food-grains might be handed over to the Provincial Marketing Union.

It was recommended that the Government might advance a sum of Rs. 5 lakhs to the Provincial Union to subsidise local societies for the construction of godowns and warehouses; afford credit facilities to the extent of Rs. 10 lakhs through the central financial agency at not more than 4 per cent to enable advances being made to producers' societies Government should hand over to the Provincial Union lorries now maintained by the Agriculture and Food Departments to enable it to maintain a lorry service. The Government should subsidise the Provincial Union to the extent of the expenditure incurred by it in regard to dissemination of market intelligence and information among its constituent societies, at least for a few years in the beginning. The co-operative marketing organizations should be given representation on the committees of Regulated Markets constituted under the Mysore Agricultural Produce Markets Act, 1949.

Multipurpose Societies:—It was contemplated that multipurpose societies, besides acting as centres for rural uplift in all its aspects, should act as primary societies of the Mysore Provincial Co-operative Apex Bank for credit, Provincial Marketing Union for consumers' goods and producers' facilities, the Central House Building Corporation for house building purposes, the Provincial Industrial Co-operative Corporation for encouragement of small scale industries. The question of the integration of the work of the old societies, some of which have been doing excellent work, with that of the new institutions was considered and it was suggested that functional and geographical integration should be secured by amalgamation by mutual adjustment and accommodation and not by any measure of compulsion. With a view to give the urban societies of the normal type

some place in the multipurpose economy it was recommended that they should be entrusted with the distribution of all articles in the urban areas and agricultural implements, seeds and manure to the owners of revenue lands, if any, situated within the municipal areas.

Having regard to the large financial interests of Government involved by the sale of goods on consignment account it was recommended that 1/3 of the 15 members of the managing committee of the circle multipurpose society and the President of the society should be nominated by the Registrar for one year. The co-operative inspector in charge of the area would be the ex-officio secretary of the society. A trained permanent official would be the assistant secretary. The cost of this official might be subsidised by Government in such proportion as might be necessary.

The managing committee of the taluk multipurpose society should comprise 15 members elected from the circle multipurpose societies and other societies affiliated to it in the proportion to be fixed by the Registrar. The Registrar should nominate the President for the first year; the Amildar should be the ex-officio vice-President. There should be a permanent fulltime assistant secretary to carry on the day to day work while the co-operative inspector should be the ex-officio secretary.

The Seminar felt impelled to recommend that Government should distribute all articles manufactured in Government concerns or in Government aided concerns through the agency of these multipurpose and other co-operative societies unless co-operative institutions were not available in any area.

Housing Societies:—The Seminar came to the conclusion that there was need for a central housing society to function not only as a central financing agency but also to guide the rural and urban societies in carrying out a planned programme. It was also pointed out that the central housing society should arrange for the manufacture of building materials on a mass scale and arrange for their supply to member societies in order that the cost of construction might be reduced to an appreciable extent. Any financial accommodation made by Government or the Apex Bank to the societies for this purpose should be made only through the central organization. It further recommended construction of houses by societies for letting out on hire purchase system and also a scheme of insurance housing for the benefit of middle class families in urban areas.

Education, Propaganda and Research:—The Seminar envisaged a scheme of co-operative education through the agency of the Mysore Provincial Co-operative Institute and recommended statutory recognition to this body. It was considered necessary to impart training to the several personnel at various levels—rural and urban, official and non-official—including the staff of co-operative societies and of the Co-operative Department. Provision was made for a Diploma course in Co-operation. It agreed to the compulsory levy by the Institute of contribution on a

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sliding scale ranging from two to five per cent of the balance of net profits of the societies after setting apart the statutory reserve fund. Supplemented by a grant from Government of a sum at least equal to the amount collected, it was hoped, it would enable the Institute to tackle the problems of education and propaganda on the comprehensive scheme recommended.

Law and Administration:—The Seminar agreed with the view that in order to enable the Registrar to discharge his statutory responsibilities in respect of audit, it was desirable that audit should be conducted by a separate and independent branch of the Department, consisting of officers specially trained for the work and working directly under the Registrar. It further agreed that inspectors in charge of circles should not be entrusted with executive charge of institutions as secretaries in addition to their duties as circle inspectors. It recommended that it was necessary to have a central organisation (State Co-operative Council) consisting of officials and non-officials under the chairmanship of the Minister in charge of Co-operation on the lines indicated by the Saraiya Committee.

Welfare and other Special Societies:—The Seminar came to the conclusion that every co-operative society in the State of whatever type should take up some welfare work—social, cultural or moral—and suggested that every society should earmark some portion of its net profits for welfare activities such as opening of reading rooms and libraries, conduct of adult education classes, *harikathas* etc., and providing midday meal to school going children, etc. It urged the co-operators to take special interest in the inauguration of welfare activities.

It considered the need for certain special types of societies such as ladies' societies aimed at development of arts and crafts and thrift, medical aid societies, restaurants and canteens, lift-irrigation societies, rural electrification societies, tractor societies, and recommended their oganisation in areas where there are favourable conditions for their work.

Industrial Societies:—In the opinion of the Seminar organization of existing craftsmen and artisans of industries essential to the ordinary life of the villagers into co-operative groups and helping them by grant of assistance in various ways to earn their livlihood, should be taken up atonce. The Seminar suggested that there should be a specific agency —a separate branch of the Co-operative Department manned by suitable technical staff on the lines recommended by the Saraiya Committee—for promoting cottage industries. It emphasised the necessity of State aid on a much larger scale than in any other case including aid towards working capital, making available the results of research to the industries concerned, the training of artisans, import and export facilities, tariff concessions, road and transport concessions, etc., to industrial societies. One important concession suggested was the purchase by Government Departments of products of industrial co-operatives as far as possible.

BIHAR CO-OPERATIVE FEDERATION CONGRESS

26th Session—Held at Jamshedpur, 20th May 1950.

Extracts from

The Address of Mr. R. M. Varma, Chairman of the Reception Committee.

I extend our cordial welcome on behalf of all the co-operative societies in the district in general and in Jamshedpur and Golmuri area in particular.

Jamshedpur is perhaps the biggest co-operative centre in the whole of Bihar. We have, a cluster of about three dozen co-operative societies within a radius of five miles with a total membership of nearly 30,000 and a paid-up share money of about Rs. 18 lakhs. Though almost all the societies are of the credit category, many of them are as big as, if not bigger than, many of the central banks in the province. Almost all these societies are either A (ideal) or B (good) in the audit classification. Their total working capital amounts to about Rs. 60 lakhs with an investment outside the business nearing Rs. 20 lakhs.

The Central Co-operative Bank which is at the District Headquarters (Chaibasa), though one of the oldest banks in the province, has not been actively functioning for the last fifteen years or so. It has not been rehabilitated yet, as several sister banks in other districts have been done. This being the only apex bank in the district, it was the sole financing and supervising agency for the village co-operative societies. The rehabilitation is long over-due; but for reasons best known to the Government, nothing seems to be much on the move for putting it into active functioning. This is tragic. Singhbhum District is already a backward area and not to have a Co-operative Financing Bank is a very severe handicap. We have been, however, pressing the Registrar to expedite matters, with all the force at our command. But as is proverbial the Government machinery moves very slow.

Amongst co-operative stores, the Jamshedpur Co-operative Stores is perhaps the biggest in the province. It has a total membership of approximately 7,000 with a working capital of about Rs. 20 lakhs. It has 28 branch shops in the town and has some 525 employees under its control. Its annual turnover is about Rs. 62 lakhs.

Among the special types of co-operative societies, we have one Fishermen's Co-operative Society recently registered, and a House Building Co-operative Society at Jamshedpur. We have also a Co-operative Community Chest, recently started at Jamshedpur. This is perhaps the first of its kind in India and is primarily on American model. It is scheduled to create a Central Welfare Fund, consisting of subscriptions and donations, collected co-operatively from members—both individuals and institutions. Such fund collected, would be utilised for the promotion of the welfare activities of all kinds in the area of operation by community planning and self-help. Many of these special types of co-operative societies have only been lately organized and their progress very much depends on the enthusiasm and support from all concerned quarters.

By persistent efforts, we were able to get a pose of Government Auditors specially posted at Jamshedpur to audit the co-operative societies with all speed and promptitude. Though a few societies had fallen in bad ways and had gone in arrears for some time, yet all the other societies have been immensely benefited by the system. However, the area outside Jamshedpur has not been receiving quite as much attention from the Audit Department as it should. There are several societies which have not been audited for 2 or 3 years and it causes some anxiety to all the well-wishers of the co-operative movement. Even in the Jamshedpur- Golmuri area, the system of local audit has practically ceased to be done and the statutory audit does not do 100 per cent check of the ledger and other subsidiary books, so much so it is perfunctory to say the least of it. Either it should do the audit 100 per cent or allow the societies to choose their own public auditors from a panel which may be approved by the Co operative Department as in a few other provinces in India. Audit is one of the most essential factors in the working of the co-operative movement and any neglect or slipshodness is bound to lead to serious trouble some day.

Among several major issues that have been agitating the minds of the co-operators in this town, the following need specific mention.

The statutory limit of contribution to the Reserve Fund has been in this province 35 per cent of the net profits whereas in almost all other provinces, it is only 25 per cent on the basis of the Co-operative Societies Act (All India Act) of 1912. The higher rate of contribution is on the basis of the Hubback Committee's Report on Co-operation, set up by the Provincial Government in 1931. It was only to take care of certain high percentage of overdue loans in a large majority of co-operative societies in the Province. But the Hubback Committee themselves have made a rider in their report that, as regards the Tisco Area, in view of overdue percentages being very low, the statutory allocation of Reserve Fund should only be 10 per cent. But this portion of recommendation has been ignored by the Provincial Government, and the Jamshedpur-Golmuri Co operative Societies also have been uniformly made to contribute 35 per cent to the Statutory Reserve Fund, though the overdue percentage is technically less than 2 per cent. Several approaches have been made to the Registrar, from time to time, from 1937 onwards and in spite of all the assurances given, nothing has yet been done in this matter.

There has been a long-felt demand to have a short course co-operative training class at Jamshedpur for the benefit of the whole-time co-operative employees who number about 600. It will not be possible for most of them to be spared to undergo training in some remote place in the province, and the Registrar has accepted our case for having a short

course of training at Jamshedpur itself. Though we have been taking this up actively for about 2 years, the proposal is said to be still pending with the Finance Department.

We have lately registered a Co-operative Housing Society at Jamshedpur, and we need several more such societies for every urban area of the province. A housing society, as you know, does need long-term capital. The Registrar has not favoured the issue of the loan-stocks as in Bombay; nor the Government is fully prepared to take the responsibility of financing the housing societies as is done in Madras. It is very difficult to carry on a housing society with short term deposits of one or two years' tenure. Either the Provincial Bank or the Bihar Government must come forward for long term finance.

There has not been, as you know, a standard model set of bye-laws for every type of co-operative society so that any new society that may be formed may adopt it in toto as they do, I was told, in Bombay and Madras. Each society has its own bye-laws, one conflicting with the other and where the Government has introduced a few standard bye-laws as in multipurpose co-operative societies, there are ever so many anomalies not in keeping with the times, in the provisions thereof. Therefore, we should urge for an expert committee to be set up at a high level who would draw out self-sufficient standard sets of bye-laws which every society should adopt in toto.

Until recently, several co-operative institutions in the district were not being inspected by the officers of the Co-operative Department, unless it be for statutory audit which is taken up once in a few years. Lately, however, after the Assistant Registrar and his inspecting staff have been posted at Jamshedpur, they have been inspecting several of the co-operative societies and their reports have been very helpful for stopping the rot in quite a few cases. I should, therefore urge that every registered co-operative society must be inspected by the officers of the Co-operative Department at least once in every six months so that the defects could be brought to light immediately they crop up and be rectified.

In the Bombay Provincial Co-operative Institute, which is more or less similar to our Federation, the constitution permits all individuals and societies to be members so much so, many of the officials of the Co-operative Department in the Province are members of the Institute and naturally it gives a heavy weightage, whereas in our case membership is open to the representatives of co-operative institutions only with its resultant drawbacks as many ardent co-operators are left out.

Extracts from
The Inaugural Address delivered by Sir Jehangir Ghandy.

I thank you for asking me to inaugurate this session of the Bihar, Co-operative Federation Congress, and I can assure you that it gives me great pleasure to be in your midst on this occasion and also to welcome so many distinguished leaders of the co-operative movement in Bihar among whom I am very happy to see a number of my old friends. On behalf of the Steel Company and the people of Jamshedpur, I extend to you all a hearty welcome.

I hope you will have the opportunity to note the progress made by the Steel Town in the long period of fifteen years that has elapsed since you held your last Congress here. The co-operative movement in Jamshedpur has made great strides in the intervening years; but those years have also revealed a number of weaknesses which, I hope, we shall be able to remove in the near future. Your deliberations, I am sure, will help to provide solutions for some of our more difficult problems.

The immense potential for good which rests in the co-operative movement has fortunately been recognised by the nation's law-givers who have pledged themselves early to develop this great country as a Co-operative Commonwealth. It is to be hoped that the people as a whole will realise the benefits of the co-operative method, imbibe the co-operative spirit and apply themselves energetically and resolutely to the gigantic tasks that confront this country. No war for the adjustment of political boundaries calls for such a total effort as the war against poverty, ignorance and disease. To the defeat of these three of men's most deadly enemies, the co-operative movement can make the greatest contribution. But to do so, the co-operative movement must remain purely co-operative and entirely non-political and be of educative value.

It has been repeatedly noticed that co-operatives, which do not conduct an unceasing campaign of education for their members soon cease to be effective and are often killed by indifference or even worse misunderstandings and dissensions born of sheer indifference. We, in Jamshedpur, have not been wholly free from this disease of indifference, and I hope that your primary efforts will be directed towards infusing fresh blood and vigour into the body co-operative and spreading co-operative education. In this matter we may take a lesson from the Maritime Provinces of Canada, where co-operatives, both consumer and producer, have made remarkable progress. St. Francis Xavier University of Antigonish, Nova Scotia, prides itself on its splendid extension courses on co-operation and related topics. It would be very desirable if some of our universities planned similar courses for home study. Perhaps this Congress might consider making recommendations to this effect to Patna University, and if possible to other universities also.

The co-operative movement in our area has been largely confined to credit societies. These credit societies served a useful purpose, especially in such conditions as prevailed when most of them were founded. In those days, Kabulis fleeced our workmen without compunction. In such a situation, the co-operatives came as saviours. However, the growth of co-operative credit societies does not seem to have reduced appreciably the menace of the Kabuli. On the contrary, the societies themselves have, in some measure, threatened to grow into vast organised substitutes for the

Kabuli, though perhaps not quite so ruthless. The purpose of co-operative credit should not be to make it easy for a member to get deeper into debt with every passing year, but to render financial assistance promptly and on reasonable terms when it is urgently necessary. A co-operative organisation of this nature can only fulfil its true purpose if, combined with credit, there are constructive activities, which help members to grow out of the recurring need to seek loans. For this purpose, co-operative societies should plan a campaign of education and welfare, which should include training in family budgeting, education in methods of cheaper yet healthier and fuller living, and elimination of extravagance necessitated by the demands of social conventions, which need to be changed as soon as possible.

The societies have also displayed organisational weaknesses. They are not always planned on business lines nor act on strict business principles. A few of our societies have been found to be so badly run that a number of cases of defalcation have been detected. While all respect is due to honorary workers, who give of their time and their talent, it is desirable that departmental credit societies should be free from any possibility of undue influence being exerted on members by secretaries who have official standing in the departments. If it is considered more economical a number of societies may combine to have the services of a common, full-time, paid secretary. For all these purposes, as well as to secure better supervision, it is necessary to house all co-operative societies in one large building outside the Works and to co-ordinate their activities through a co-ordinating body like the Central Co-operative Union that has recently been established. No less essential is it that audits be regular and frequent.

Recently, a co-operative housing society has been registered in Jamshedpur. It is a move in the right direction. Our housing problem concerns the community at large, and it must be tackled by the community and Government. In this, the co-operative housing society can make the greatest contribution. I would urge upon the attention of the organisers that such societies need to harness not only the monetary savings of their members but also their technical skill. If enthusiasm were kindled, it should be possible to obtain not merely all the finance but also a substantial proportion of the technical skill required in planning and building housing colonies from among the members themselves. This harnessing of the talents and the resources of the people would make the completed houses more economical than if they were built under the usual trade conditions.

There is a move to form a central co-operative bank in our area. This move is certainly deserving of support. It is hoped that this bank will be able to finance member societies whenever they are in need of financial help. A large part of the assets of existing co-operative societies is locked in reserve funds which cannot at present be used. The planning of this bank, with which these funds will be deposited, may bring the locked-up money into circulation. I hope it will be employed to widen co-operative activities to such spheres as dairies, shoe-making, vegetable-growing, marketing and cottage industries suitable to our locality. Co-operatives for transport, for restaurants and for construction might be considered and planned. I am sure these would prove profitable to members and non-members alike.

Extracts from
The Presidential Address of Shri Syamnandan Sahaya, M. P.

OUR RESPONSIBILITIES IN INDEPENDENT INDIA

Ladies and gentlemen, the responsibilities cast on Indian citizens after the independence of this country are very much greater and very much different than what they were ever before. There is no clash of interest between the people and the State, for the one is meant to exist for the good of the other. The responsibilities of the co-operators in this country have also increased vastly and it would not do for us to say that it has not been possible to achieve greater results for want of Government sympathy. We must proceed on the assumption that Government cannot but be sympathetic and if we take up the cause in right earnest there is no doubt that success will crown our efforts. The responsibility of the co-operative movement in the improvement of the country-side in removing rural indebtedness, in creating a spirit of co operative brotherhood, in introducing better farming methods, and in securing to the villager the just price for his products, has increased manifold and we have, in this Congress, to devise ways and means of how best to achieve this.

REHABILITATION SCHEME AND RECOVERY OF FROZEN ASSETS

The most important step taken in recent years with regard to the co-operative movement has been the rehabilitation scheme. This scheme had a two-fold objective. Firstly, recovery of assets which had become frozen and secondly, consolidating the movement so as to be able to stand on its own legs. Unfortunately the 5 years period fixed for completing both the jobs was insufficient. The first item alone would require all this time. Let us now, therefore, scrutinise how far rehabilitation has been able to carry out its first objective.

There are 42 central co-operative banks in the province including 4 in the Santal Parganas and one un-rehabilitated bank namely, Siwan Central Co-operative Bank. The 37 central banks excluding those of Santal Parganas and Siwan were reconstructed under the Rehabilitation Scheme of the Bihar Government. The creditors' dues in respect of 33 Rehabilitated Central Co-operative Banks were scaled down, and in the case of 4 Banks there was no necessity of scaling down as the banks' assets were sufficient.

The 37 rehabilitated central co-operative banks have made rapid strides in the matter of recovery and are on the right track of fulfilling their duties and obligations to their constituents. As many as 25 banks paid of 100 per cent of the scaled down dues out of which 12 banks have paid the entire dues of the creditors (i.e.) 100 per cent of the scaled down dues and also 100 per cent of the losses, and two banks have paid 100 per cent scaled down dues and 50 per cent of the losses.

Apart from the figures given above several central banks have got appreciable funds available for the purpose of further pro-rata distributions to the creditors. In some cases, however, these funds have been used by the central banks in their commercial business.

I make bold to say that the first phase, viz., the realisation of dues has been most successfuly completed and to that extent it redounds to the credit of co-operators. The total estimated recovery as a result of the Rehabilitation enquiry was roughly estimated at Rs. 28,42,000 in 37 banks but in fact the realisation has exceeded Rs. 40,50,000 (i.e., an excess of Rs. 12,08,000 as against the estimate).

CONSOLIDATION OF MOVEMENT

It is now the second phase, viz., the consolidation of the movement that needs immediate attention and has to be pushed even with greater vigour than the first phase. The period of 5 years allowed for complete rehabilitation, viz., recovery of dues and consolidation was far too short a period. I would therefore, strongly urge the necessity of prolonging the period of rehabilitation by another five years during which, I have no doubt, the central banks will be fully revitalised and will be able to stand on their legs. It is questioned as to how the central banks whose establishment expenses alone go up to a thousand rupees a month on the average will be able to earn this amount in order to meet their recurring liability. I feel, however, differently on this question and am suggesting a solution which I have no doubt is not in any sense an impossible task.

It will be agreed that an investment of about Rs. 3,75,000 a year is likely to bring about Rs. 6,000 a year to the central bank after paying the interest charges and on the average the bigger banks can easily earn a commission of over Rs. 6,000 from Credit Agricole alone.

On the top of this they will earn some profits on cloth and salt business and in future they are likely to have some margin in the sale of iron and steel also and in some places in the distribution of oil-seeds, the distribution of which also is engaging the attention of the Provincial Bank and the Department.

It will thus be seen that an investment of Rs. 2,75,000 for smaller banks and Rs. 3,75,000 for bigger banks plus the commission and profit on commercial business is sure to carry the central banks through and place them on a sound footing.

I have not taken into account in this figure the full interest, (without paying for interest charges) that the central banks will earn on their present investments particularly in those cases, where the creditors' scaled down dues have been fully satisfied. There are many central banks where such investments are appreciable and are likely to bring a couple of thousand rupees a year if not more. All this, however, envisages herculean efforts on the part of the co-operators and full sympathy and material assistance of the Government. The recovery of the bad debts yet left requires intensive drive and the same is required in the case of liquidated societies also and the Provincial Bank proposes to appoint a special staff to help the banks achieve the objective. The movement will have to be financed at a low rate of interest either by the Provincial Government or the rural credit side of the Reserve Bank and every effort should be made from now onwards to secure this. I have no doubt that inflation is slowly but surely giving place to depression and the demand for rural finance will soon grow in volume and both the Government and the co-oparative movement should prepare from now to meet this contingency. Luckily, our investments unlike during the last period of depression are not very heavy and as such we need not have any serions anxiety on the score of our investment. The period, however, to come will give us opportunities for cautious and careful investments backed by tangible security which will give the needed relief to the cultivator and also stabilise the movement. Complacency, however, or pessimism is to be avoided as redrots to be shunned and God willing the movement will have many opportunities to serve the Country and the people.

The Government had provided the following grants in the scheme against which the following expenditure has been incurred :—

	Provision Rs.	Expenditure Rs.
Contribution towards loss of Central Banks of Class 'B'	... 12 Lakhs	5 05,791
Loan to Central Banks for part-payment of deposit	... 14 Lakhs	Nil
For Crop Loan	... 10 Lakhs	Nil
Subsidy to reconstructed Central Banks	... 5 Lakhs	2,96,101
Cost of free audit for 5 years	... 5 Lakhs	3,79,212
Special staff for Liquidation	... 2 Lakhs	2,85,793
Banking Adviser for 5 years	... 1 Lakh	1,78,537
	49 Lahks	16,45,434

These figures conclusively prove two things: Firstly, the Government have still heavy balances in their hand out of their previous commitments amounting to nearly 32 lakhs of rupees, which could be usefully utilised for consolidating the movement by way of further subsidy to meet the recurring cost of the central banks and by way of advance at a nominal rate of interest for crop loan and other advances to societies.

Secondly, the movement has not taken undue advantage of the generous gesture of the Government made in the Rehabilitation Scheme as out of a total provision of Rs. 49 lahks the movement has utilised only about Rs. 17 lakhs so far in about 8 years.

It would be perfectly legitimate to claim that the movement has justified the confidence and trust reposed in it and has utilised Government funds with great caution and care. I propose to call the executives of all the Central Banks individually and discuss their financial position and I trust it will be possible to find out a satisfactory solution for meeting their recurring expense.

The other pressing question is that of revival of such of our banks, which were liquidated and where there are still a large number of societies with no one to look after them. I think it is necessary to bring them back to life. The Provincial Bank is prepared to do its utmost to help to revitalise these banks but the Government's responsibility is equally great.

CREDIT AGRICOLE ACTIVITIES

Credit Agricole came into being in the midst of doubts and suspicions towards the close of the year, 1944. Till June, 1945 its activities were confined to the purchasing of chemical fertilizers and seeds from the Agriculture Department and distributing the same to cultivators by way of loans in small quantities. This distribution was chiefly for the purpose of propaganda and training of the staff. In June, 1945, Credit Agricole although operating on an experimental basis, started 8 depots in Patna district and one in each district and took over the distribution of chemical fertilizers from the Agriculture Department and the agents of Messrs. Imperial Chemical Industries.

In about 4 years the Credit Agricole has opened about 145 depots and has distributed :—

50,358	Tons of Chemical Fertilizers	Valued at Rs.	1,65,05,000
17,08,780	Maunds Oilcake	,,	1,34,53,027
45,047	,, Seeds	,,	4,30.276
18,708	,, Oats	,,	2,50,500

Prior to the distribution being taken up by Credit Agricole the annual distribution was only about 1,500 tons according to figures of the Agriculture Department.

COMMERCIAL ACTIVITIES

The distribution of cloth, salt and iron and steel has also been taken up through co-operatives and in the course of 2 years we have distributed cloth and salt of the value of Rs. 2,16,67,758 and Rs. 1,65,91,460 respectively. The distribution of iron and steel has been taken up very recently and it is hoped that we will be able to tackle this item also successfully. The distribution of these commodities was taken up at a time of great scarcity and high prices and although we claim no perfection, we make bold to say that our distribution has given rise to the least complaint and has resulted in a substantial check on black market and high prices. Our success in this behalf is a great indication of the potentialities of the movement and its future possibilities.

In an actual working of $2\frac{1}{2}$ years a sum of Rs. 4,33,000 and odd has been paid to various co-operative institutions in the shape of commission earned on account of distribution. The Rehabilitated Central Banks have received other financial aid from the Provincial Bank and in all they have got from the Provincial Bank approximately Rs. 11,38,400 including the earnings of 1949.

Federation Development and Training

The Co-operative Federation has been issuing in the past licences to those who are to be employed in the movement. This work has again to be taken up by the Federation in right earnest. The question now arises, if training of employees for the co-operative movement and also training of non-official workers should be the jurisdiation of the Co-operative Federation. In my opinion, if licensing has to be done by the Co-operative Federation it stands to reason that the training institutes should also be run by the Co-operative Federation. We have known of first grade colleges being run under non-official supervision and guidance and I see no reason why co-operative training institute cannot be run by the Co-operative Federation with the help and assistance of the State Government. Perhaps it may be considered a demand too early in the day, but if the principle is conceded I think, the Federation should prepare the ground so that the transfer of control of the Institute to the Federation may become fully justified. This is possible if the Federation can show successful results in its activities in other directions and can prove that it has come up to the expectations of both its constituents and the State Government.

The work of audit was in the past done by the Co-operative Federation but it has since been taken up by the Government. Audit, in my opinion, is a subject which must remain quite distinct and separate from the organisation which has to be audited and as such I consider that the audit section of the co-operative movement should be an unit by itself either under the Auditor General or under the Finance Department of the State Government. Such an audit system will evoke confidence and secure the co-operation of the investors and the public.

The financial position of the Federation, however, leaves much to be desired as it has a great deal to spend and has no settled source of income. It is in the case of such institutions that Government assistance becomes inevitable and I take this opportunity of appealing to the State Government to assist the Federation in carrying out the duties devolving on it. It is open to Government to lay down express conditions, the fulfilment of which may be a pre-requisite for the renewal of the grant in the following years. The Federation need not be apprehensive of such conditions as

it is only on the discharge of its duties that it can expect support either from the Government or from the public.

The Provincial Bank

Of late the Provincial Bank and the central banks have taken up commercial business on an appreciable scale and the Provincial Bank's duties in conducting these on sound lines have increased tremendously. It is the duty of the Provincial Bank in this connection not only to see that the central banks may have enough resources to carry on these commercial activities but also to see to the procurement of the commodities and to their proper disposal and distribution. I cannot conceive of the existence of a Provincial Bank unless it is meant wholly and solely for the good of the central banks and the societies. Of course in order to be in a position to be helpful to all sections of the movement it has indeed to consolidate its own position so that its pillars may be able to take the load of the entire roof.

As I have explained above, the attention of the entire movement having been directed in the last few years of rehabilitation, to the recovery of debts alone, the other side and perhaps the equally if not the more important side of consolidation, did not receive its due and proper attention and the result has been that today we are faced with a situation where we find that most of the banks are living on their commercial activities alone. This defect has immediately to be remedied and I have advised the Provincial Bank to have a well-organised staff which will be devoted entirely to the work of consolidating the banking side of the movement and reviving the moribund societies.

The Co-operative Department—The Need of a Closed Service

It is the duty of the department to keep every section in its proper place and to aid and advise and even to check and control every section of the movement, the only difference between the control of the co-operative department and of the other departments being that its control should be animated by a desire to help and should be shaped in the mould of co-operation. It should adopt the policy of persuasion rather than of compulsion.

It must fight the battles of the co-operative movement with the Government and must support the weaker element in the movement as against the stronger wherever there may be a tendency of arrogance and suppression. It is on the department that devolves the responsibility of assimilating the best and eliminating the worst in the movement.

The one thing that the department must shun as poison is to allow any rivalry to grow even in the matter of popularity between it and any section of the movement, be it the Federation or the Provincial Bank or any other.

In connection with the departmental officers I have always advocated a closed service in the co-operative department. Constant transfers and recruitment from the general line to the Co-operative Department is not, in my opinion conducive to the well being of the movement. The working of the co-operative movement requires a technique which is not achieved in a day. It also requires a mental outlook which is vastly different from that required in the purely administrative services. It requires the zeal of a missionary which is not necessarily a hand-maid of administrative efficiency. I would, therefore, take this opportunity of bringing to the notice of the Government the extreme desirability of having a closed service for the co-operative movement. The movement has expanded and is likely to expand further. A service, therefore, solely for the co-operative section will not be unjustified even on the ground of numerical strength. It is here that I might make another suggestion for the consideration of the Government. In a province like ours, deficient in so many ways, the one thing which we cannot afford is duplication of work and maladjustment. If we scrutinise the working of the different departments of the Government we sometimes find that the same type of activities are carried on by different departments. Agricultural improvement, for instance, is as much the sphere of the Co-operative Department as that of the Agriculture Department. Similarly the improvement of the cattle wealth is the jurisdiction of both the Co-operative and the Veterinary Departments. I think, it was time that these nation building activities were all run under the aegis of co-operation particularly, as we have now decided finally to organise the whole village multipurpose co-operative societies and these different activities could all be carried out through these multipurpose societies with the guidance of the workers of the Department concerned. This might save a lot of money and a lot of time and would certainly remove any chance of duplication in the same sphere of work. I would suggest that the Hon'ble Minister of Development whose interest in co-operation and other nation building activities are known to all of us, should appoint a small committee to decide how this can best be achieved.

PROBLEMS BEFORE THE MOVEMENT AND THEIR SOLUTION

The consolidation of the movement, as I stated before, must occupy the highest priority at present and for this purpose we have to take stock of the different limbs of the movement. Apart from the Provincial Bank and Federation we have (a) central banks, (b) central unions and stores, and (c) credit and non-credit societies including the cane growers' and multipurpose societies, building societies and some provincial societies like the Provincial Civil Service Co-operative Association, etc.

So far as the central banks are concerned their difficulties are mainly of raising funds and investments in societies. They are handicapped in both these as they cannot accept deposits and they cannot invest except for crop loans and bullock loans. I think, it is time that we made the experiment in the case of a few good central banks and allowed them to raise funds by receiving deposits and to enlarge the scope of their investments in societies. The question arises whether it would be possible for central banks to secure fixed deposits even if the ban was removed. It is indeed difficult to prophesy, but I have a feeling that such central banks as have been able to repay the entire dues of the creditors including the losses will be able to secure some deposits. Of course, a certain amount of support to these banks will have to be assured by the Provincial Bank and the Provincial Bank in turn will have to be assured some financial accommodation by either the State Government or the Reserve Bank of India. An experiment, however, in this direction is called for if we are to renew the activities of these central banks and make them useful members of the co-operative movement. As to investment, I think, it might be equally necessary to allow some long term investments to be made particularly for the improvement of land. The present is the most opportune time for the rural areas to take up land improvement schemes as, such schemes are being subsidised generously by the State Government and also by the Central Government. A portion of the expenses in some cases going up to about 50 per cent is shared by the Government and only the other 50 per cent has to be found in order to carry out the improvement. The sinking of tubewells, the draining of chours, the digging and excavation of tanks for irrigational purposes, could all be taken up on the subsidized basis. The sinking of a tubewell will be next to impossible for an average villager if he has to depend on himself entirely. Co-operatively it is easy and with 50 per cent subsidy from Government it becomes even easier. Should we allow such an opportunity to be lost? I think, not. With co-operative effort we can bring about these land improvements and apart from solving the food and many other problems, the co-operative movement will have earned a reputation which will live as long as the memory of these improvements lasts. I, therefore, submit for the consideration of the authorities that the time has come when, we should revise the loan policy and allow greater facilities even for long term repayments. The problem in this province assumes greater importance particularly as there are no land mortgage banks here. Of course, these advances will have to be secured by mortgages and will have the first lien on the improvements effected. In the immediate future, I think, this will be a source of good investment which will also be remunerative to the loanee and the investor alike.

CREDIT SOCIETIES

The condition of credit societies has to be improved in other ways also. For instance, there are many where annual general meetings have not been held for a long time. There are others where audit has not taken place for a long time. There are still others where membership is now below the number prescribed for registration. These are undesirable in the extreme and should be remedied immediately. There are, however, certain basic points with regard to these credit societies that fill us with hope and encourage us to take up the work of their reconstruction. Firstly, I will remind brother co-operators of what I said here at Jamshedpur in my Presidential address in 1935 about these rural credit societies and their members. I said that the members were intrinsically honest and they have not been able to recover their debts not because they were unwilling to meet their commitments but because they were unable to do so on account of the depression then prevailing, there being no buyer for their assets. How true this has proved to be: because once there was an opportunity for the members to be able to dispose of their assets, most of them without the process of award or litigation have been able to meet their commitments and to repay their liabilities. There could be no greater proof of this than the fact that the recovery from eliminated members has far exceeded the estimate made by the enquiring officers, the estimated recovery being Rs. 28,42,000 and the actual realisation Rs. 40,50,000 an excess of about 12 lakhs or about 43 per cent. It is now for us to decide whether we could or could not trust such constituents. I think, the honesty of the loanee is as great a security for the loan as are his material assets and where we could have both it leaves nothing to be desired for fresh investment, whether long term or short term.

It might be useful, in this connection, to know how far these societies have succeeded in being able to stand on their own resources and take the fullest advantage of self help and co-operative effort. I had tried to secure figures from 32 central co-operative banks of the province and it was found that almost 1,000 Societies out of 4,000, were working on their own reserve capital created by their own savings. If this success was achieved in 1,000 societies, could we not justifiably hope that the success could be multiplied many times?

The non-agricultural societies have generally done very well and we could give no better proof of their working than the Tisco Societies whose guests we are here, today. This is another very sound line of investment and the central banks would do well to encourage the growth of such societies in their area, particularly where industries have developed or are developing. As an ex-Chairman of a Municipality I have had experience of the working of societies organised by and for the municipal staff and I always found that these societies rendered very useful service to the members and were also useful and profitable for the central banks to which they were affiliated.

COTTAGE INDUSTRIES' SOCIETIES

Artisan societies by themselves have done fairly well, but their chief difficulty has been to seek a market for their products and competition with machine made goods. This difficulty should now disappear in a large measure because of our national Government. This is now the settled policy of both the Central and State Governments to encourage cottage industries and to arrange for the disposal of their products. The Government of India have themselves agreed to buy products of cottage industries even at a slightly higher rate. What is necessary, therefore, is to organise a marketing agency and it is here that the co-operative movement can come to the assistance of the cottage industries. The Government have

even decided that cotton mills will be precluded from making that type of cloth as are made by the weavers on cottage industry basis. These should give ample encouragement and co operators should not miss this opportunity of organising good marketing societies for the disposal of their products.

CANE GROWERS' SOCIETIES

The cane growers' societies are doing very well and it is contemplated that in the reserved areas allotted to the mills the only source of supply to the mills will be through the cane growers' societies. It is, therefore, up to us now to organise a number of such societies so that every village in the reserved area may be able to sell its cane through the society only and not on individual basis. I will, however, suggest that these cane growers' societies having been well run and in many cases having built up their own reserves should now also function as multipurpose societies. It would not do for a villager to look up to different agencies for meeting his requirements and if the cane growers' societies did not meet this essential requirements they may be faced with trouble in future. Although the principle is conceded in all quarters, there has been some difficulty on the score of supervision and control of these societies. I submit that the difficulty is not insurmountable and even if it were so, the larger interest of the society should not be subordinated to anything else. The immediate problem, therefore, is to engage these cane growers' societies in multipurpose activities and facilitate improvement in the condition of their members by catering to most, if not all, of their, requirements.

BUILDING SOCIETIES

Such societies in other provinces occupy a high position and fill a useful role. In the present conditions of the country it is really the middle class and the lower middle class particularly, which being dependent on service in towns, need very great assistance, and if we are at all anxious that discontent in this class may not assume gigantic and uncontrollable proportions, these building societies must be started in large numbers in big and small towns. The investment is safe as in a gilt-edged security. The realisation of the loan has to be on long term basis. Unfortunately, my view has not yet found favour with the authorities and I plead with them to give this matter a careful and serious consideration not merely from the angle of co-operative investment but from the larger angle of the contentment of an influential section of the population of this province.

COMMON SERVICE

There is another aspect of the movement which in my opinion deserves attention of the Congress and the department. I mean the proposal for establishing a common service in the movement. The proposal for common service was accepted long time ago in one of the previous sessions of this Congress, but unfortunately it could not materialise except in the formation of a common provident fund committee. Even the provident fund of all employees has not been deposited by several co-operatives with this committee. The constitution, however, of a common provident fund committee was only a small part of the whole scheme. I need not take your time in detailing here the various aspects of common service, for they must be well-known to all the co-operators assembled here who are men of experience in the field of co-operation, but I will certainly emphasise that if the movement is to run on sound lines, if central banks are not to become completely dependent on fixtures by way of staff, and if the useful effect of transfer has to be brought into this movement, we should lose no time in starting common service in this province. In the initial stages the responsibility of constituting it will have to be shared by the Federation, the Provincial Bank and also the department, but at a later stage this should be, in my opinion, the function of the Federation assisted by the department. I might even go to the extent of suggesting that at this very Congress we should form a committee to find out ways and means and to see what difficulties confront us in forming the common service.

DUTIES OF STATE TO CO-OPERATION

Before I conclude my submissions today I will say a word to our State Government with regard to the expenditure on the co-operative department. Considering the proportion and size of the finances of our province and the area of its administration our Government is spending far less on Post War Co-operation Development than many Governments of equal or even lesser size. I am giving below the figures of expenditure of different Governments and I would appeal to our own Government to consider whether they should not increase their budget provision for the co-operative movement.

Provincial Post-War Development Expenditure
In lakhs of Rupees

1946—47 to 1949—50.

	Bihar	Bombay	Madhya Pradesh	Orissa	U. P.
Co-operative .	5	83	32	14	44

In my experience as an humble worker in the movement I have found that Government feel very uncomfortable in spending the tax payers' money on the co-operative movement. Here is a misconception. There could not be in my humble opinion a more proper channel of expenditure of the tax payers' money than this movement. For after all, who are the tax payers? The agriculturist in this country; and the co-operative movement is perhaps the only organisation solely devoted to ameliorate the condition of the agriculturist. There may be difference of opinion between the workers of the movement and the Government on the method of working. True, but has the movement ever ignored the advise of the Government?

I must not, however, leave the impression that co-operators in this province do not appreciate and are not grateful to the Government for what they have already done. It is, however, our duty to point out the needs of the movement and also to point out that in meeting our demand the Government will only be doing what they should do and what other Governments have done in similar circumstances. The movement needs long term capital at a nominal rate of interest, subsidy for running the central banks for a period of another 5 years and increased staff at least for a period of 5 years to put the societies and central banks on a fully sound basis. We look to Government for this assistance and given the assistance we have every reason to hope that the Government and the people will benefit in different ways particularly in the supply of food and cloth and in a well organised distributive system of goods of essential requirements.

Among the important resolutions that were passed in the Congress, the following were of particular interest :—

(i) Reduction of Statutory limit of contribution to the Reserve Fund, from 35 per cent to 10 per cent under certain qualifying conditions.

(ii) Income of registered co-operative societies to be exempted from Income Tax.

(iii) Audit and Inspecting staff to be supplemented as to ensure better supervision.

(iv) Government to provide long-term finance at low rates of interest to Co-operative Housing Societies in the Province.

THE SEVENTH TAMIL NAD CO-OPERATIVE CONFERENCE
Held at Rameswaram on 28th July 1950.

Extracts from
The Inagural Speech of the Chief Minister the Hon'ble Sri P. S. Kumaraswamy Raja

The principle of co-operation is not one which is new in Tamil Nad. It is as old as the ancient Tamil civilisation itself. Our ancient rural economy was based on this principle and a spirit of helpful fellowship and mutual aid ruled the social and economic life of our villages in the olden days. The ancient Tamils believed in a co-operative order of society. According to the Poet Tiruvalluvar the ideal country is one in which the different sections of the community, viz., the agriculturists, the intelligentsia and the traders associate together and lead their life in a co-operative way. To-day, we are living in a world torn between conflicting economic idealogies, but the idea of Co-operative Commonwealth has gained ground.

Among the programmes which the Congress is pledged to carry out are the establishment of a net-work of co-operative societies in rural areas and towns, organization of village industries on co-operative basis and the encouragement of co-operative farming. The Madras Government have been alive to the importance of the co-operative movement for working schemes of national improvement and have shaped their policies and programmes in such a way as to foster the growth of the movement in various directions in spite of opposition from vested interests.

Tamil Nad has a record of progress in co-operative activities which is not only impressive but compares favourably with that attained in any part of the State, nay in the whole of India.

Co-operative organizations have been harnessed with success to the solution of various problems in the sphere of food procurement and distribution, yarn supply to weavers, relieving housing shortage, rehabilitation of ex-servicemen, resettlement of ex-toddy tappers etc. etc. Commendable progress has been made in the old sphere of agricultural credit. The 13 central banks in Tamil Nad have issued loans to the agriculturists to the tune of Rs. 235.07 lakhs during 1948–49. The rural credit societies cover 62.84 per cent of the villages and 15.42 per cent of the population. They have a total membership of 5.86 lakhs with a paid-up share capital of Rs. 66.48 lakhs and undertook multipurpose activities to the tune of Rs. 102.19 lakhs benefiting 2.8 lakhs of members. 62 land mortgage banks have issued loans to the extent of Rs. 43.54 lakhs during 1948–49. In the field of consumers' co-operation, the first co-operative wholesale stores in the Madras State was started in Mathurai-Ramnad. District Central Stores and primary stores have distinguished themselves in schemes of food procurement and distribution. They have procured food-grains to the extent of Rs. 1,600.57 lakhs and distributed food-grains and other goods to the

value of Rs. 1,585.75 lakhs during the year 1948–49. Co-operatives have come to the aid of the weavers and 61,000 looms have been brought into weavers' co-operative societies, which produced Rs. 2.63 crores worth of cloth. The activities of house building societies have vastly increased and Government loans to the extent of Rs. 60.71 lakhs were issued to house building societies of various types during the financial year 1949-50. Ex-servicemen societies are working with great success. Co operatives have also played a notable part in the rethabilitation of ex-tappers who have been provided with employment through co-operative societies, chiefly for jaggery manufacture. There are now 1,230 palm jaggery societies and these have produced Rs. 65.41 lakhs worth of jaggery during the year. A scheme is in force for the development of palm gur industry through the co-operatives and training in improved production is given through the societies. Co-operatives in Tamil Nad may well be proud of these achievements, which are by no means small, and our thanks are due to the selfless band of workers in Tamil Nad who have toiled to make the movement what it is to-day. Yet a vast field still remains to be covered.

CO-OPERATIVES AND OF FOOD PRODUCTION

It is the declared policy of the Government of India that Import of food-grains from countries outside should be stopped by 1951 December, and it behoves every co-operator to think over the problem in all earnestness and seriousness and help to concert measures in order to tide over the situation. Government have launched several schemes aiming at increased food production but they cannot hope to have success without the hearty and willing co-operation of the people. Government have recently transferred to the co-operatives the work of distribution of chemical manure, iron and steel and this would give a fillip for productive activities of the co-operatives. They have also recently sanctioned a scheme for intensifying cultivation through village multipurpose societies in seven selected districts of which three, namely, Tirunelveli, Madhurai and Coimbatore are in the Tamil Nad. It is the intention of Government that the village co-operative multipurpose societies should function as potent agencies for augmenting food production and that through them the villagers should be associated with the food policy of the Government so that the implementation of the schemes launched by Government for self-sufficiency in food may be accelerated. Under this scheme village multi-purpose co-operatives are expected to bring fallow lands—both Government and private—under cultivation, to undertake distribution of chemical manure and iron and steel, to encourage the use of farmyard manure and to do propaganda in all possible ways in the villages in respect of the various measures launched by Government under the Grow More Food Campaign. Under this arrangement the Grow More Food Campaign will be raised from the plane of mere Governmental activity to one of local public enterprise. May I appeal to the central banks in the Tamil Nad and particularly in the selected districts to put their vigour into the scheme and make it a great success as it is bound to be? With the co-operation of the several departments concerned, and through the agency of their own staff, the central banks can certainly do a good lot to help the food production drive that is now on in the State.

Co-operators, for a number of years, have been pressing at various conferences and meetings that the distribution of chemical manure and iron and steel should be entrusted to them and representing that the needs of the ryots would be better and more effectively met if the distribution was in their hands. Government have now agreed to do so and transferred the work of distribution of chemical manures and iron and steel from the Agricultural Department to the co-operative societies. During this year, about 50,000 tons of ammonia sulphate valued at Rs. 1.60 crores and 10,000 tons of superphosphate valued at Rs 20 lakhs will be allotted to co-operative organizations. Government had subsidised the sale of superphosphate at half the cost of ryots till 30-6-1950 and the question of extending the concession beyond 30-6-1950 is under their consideration. The quota of iron and steel the distribution of which has been ordered to be entrusted to the co-operatives is expected to be about 9,000 tons valued at about Rs. 36 lakhs per quarter. Besides, the co-operatives have been permitted to take over, from the existing stocks of iron and steel with the Agricultural Department whatever are required by them Co-operatives have now a splendid opportunity to render useful service to the ryots in agricultural improvement and they should take the necessary steps to ensure adequate and fair distribution of the commodities to the ryots and work the scheme successfully. For the future of the co-operative movement in relation to agriculture will depend largely on the success or failure that attends these new enterprises.

It has been estimated as a result of crop-cutting experiments that a proper application of chemical manure would give added yield, roughly at the rate of two tons of food-grains for one ton of ammonium sulphate and 5/6 ton of food-grains for every ton of phosphate manure. If, by the application 60,000 tons in all of chemical fertilizers expected to be handled by the co-operatives, food production could be increased to the extent of about 1.08 lakhs of tons, a long way would have been reached in the solution of food problem. I therefore attach the greatest importance to the proper distribution and application of chemical manure by the ryots in the villages and may I appeal to the co-operators to see that not only this distribution is made equitably and efficiently but also that the manure is applied properly and under suitable conditions. I am confident that the co-operators who have undertaken this new responsibility will discharge it quite successfully and demonstrate thereby the inherent vitality of the co-operative institutions and their capacity to perform new functions. I request the conference to consider the details of the arrangements connected with the distribution of chemical manure and iron and steel through co-operatives and to devise suitable measures to make it efficient, cheap and equitable and capable of conferring the greatest advantage on the royts in the villages.

CO-OPERATIVE FARMING

The Grow More Food Campaign has as its objects not only the intensifying of cultivation of the existing lands through better methods but also its extension by bringing under the plough more and more of cultivable waste lands. But improved methods of farming will be possible only when holdings are of sufficiently large size. To achieve this object it is necessary that lands of small landholders should be pooled for joint farming. Though farmers have been known to co-operate among themselves in respect of certain farming operations such as harvesting of crops, use of implements, cattle, well-irrigation or crop protection, co-operative farming in the sense of joint cultivation of land is a recent idea. There are different types of co-operative farming extending from a simple association for certain agricultural operations to highly developed associations, under which either land is cultivated on a joint basis or where ownership of land itself disappears and cultivation is undertaken on a collective basis. Of all these it is the tenant farming type that offers possibilities of success in Madras. Land colonisation societies started in Madras are working on this model and there are at present 30 land colonisation societies for civilians and for ex-servicemen which have brought in all nearly 14,200 acres under cultivation mostly with food crops. The State Government have sanctioned a number of concessions to these societies in the shape of free grants and interest-free loans. These land colonies have been formed mainly with Government lands assigned to societies. Quite recently, a few societies were organized with land contributed by private members who joined the society, as in Tiruchirapalli and Chingleput. Recently, Government have constituted district colonisation advisory committees to examine the question of forming land colonisation societies where large blocks of lands—Government or private—are available and various proposals are under consideration. I would appeal to the co-operators to explore the possibilities of large blocks of lands being brought under cultivation through the agency of separate land colonisation societies. It is also upto big co-operative institutions like the district co-operative wholesale stores to take up such lands for cultivation and aid food production. Central banks and wholesale stores can interest themselves in such schemes of colonisation and help to bring more lands under the plough. Multipurpose rural credit societies may also obtain fallow lands from Government or from pattadars and arrange their cultivation through their members. Co-operative farming offers immense scope for intensifying cultivation and for bringing new land under cultivation and I sincerely trust that the conference will give its very careful consideration to this subject.

COTTAGE INDUSTRIES

The only effective method of keeping the huge mass of our population busy, contented and economically self-reliant is by sustaining and fostering the cottage industries of our land Our Nadu is not lacking either in raw-materials or in skilled workers. The main handicaps facing rural industries are lack of finance and equipment, want of organized marketing agency and absence of proper technical advice. No better organization can be envisaged for such a purpose than the co-operative society. While rural credit societies can encourage individual members engaged in the production of cottage industries goods to get their requirements of raw materials and also the funds required, it is better that groups of such cottage industries workers are organized into separate co-operative units for the manufacture and sale of products which are widely in demand. If the industry is one which has established its survival value, it is proper that the members engaged in it should be organized into a separate co-operative unit. The handloom industry which is the biggest cottage industry in the State has made considerable headway on a co-operative basis. We have also about 120 cottage industries' societies in Tamil Nad engaged in the production of metal goods, leather goods, etc., but we want more such societies. No systematic or sustained efforts have so far been made to organize these industries on a co-operative basis. With a view to foster the growth of cottage industries Government recently placed at the disposal of the Registrar of Co-operative Societies a sum of Rs. 45,600 for being disbursed to deserving cottage industries societies towards the purchase of equipment and to meet establishment charges. Government have also constituted regional advisory cottage industries boards for select industries and have under consideration several measures for the development of cottage industries on a State-wide basis. District wide organizations or even higher grade organizations will be necessary to co-ordinate the activities of several primary societies engaged in an industry and assist them by way of supply of raw materials, provision of technical assistance and marketing of the goods produced. Central banks have no doubt been interesting themselves in this matter too but the time is up when a systematic and sustained attempt should be made to have a network of cottage industries in areas favourable for their development so that co-operatives can play their part in the production of the requirements of the every day life of the villagers.

Before I close I would like to refer to the danger of the co-operative movement being used as an instrument of party politics. This should not be allowed. The co-operative movement is all pervading. It transcends all parties. It is in this spirit that political parties should approach the co-operative movement and their one object should be to serve first the members of co-operative societies and then the public in general and not to use the co-operative institution as an instrument for the furtherance of their own political ends. Co-operative elections should also be conducted in the same spirit. The persons who can best serve the institutions should be chosen irrespective of other considerations.

Gentlemen, I have done. I take this opportunity to appeal to my brother co-operators of Tamil Nad here and outside to intensify their efforts for the healthy growth and expansion of the movement in all economic spheres, by incessant propaganda, careful planning, successful execution and vigilant control. The movement requires workers who will not only make business succeed but are inspired by the high ideals of the movement. The larger social aspects of co-operation and the philosophy of the movement should always be kept before the people so that each co-operative society can be an instrument not only for economic betterment but also for enlightenment of the higher social ideals and of good citizenship. I am confident that Tamil Nad which has produced great leaders in every field of national activity will produce true co-operators in large numbers and will shine forth as a beacon light of Co-operation to the rest of India.

The following are among the resolutions passed by the Conference—

This Conference requests that the Government officials and co-operators to co-operate to increase food production by bringing under cultivation all waste lands either by co-operative land colonisation or by means of the village societies existing there.

This Conference requests the Government to distribute not less than 90 per cent of the Government subsidy for sinking wells through the co-operative banks recommended by the officials of the co-operative department.

This Conference requests the Government to expand the State Co-operative Advisory Council and allot representation therein to the linguistic co-operative organizations aud weavers' and sale societies.

This Conference emphatically urges the Government to give effect to the resolutions that have been passed in many Conferences to bifurcate the Co-operative Audit and Accounts Department and the General Department.

This Conference requests the Government and the Registrar to authorise the societies to appoint as auditors to the district societies, provincial societies and other specified societies, private auditors as per list of authorised auditors and for the said purposes requests the Registrar to prepare a panel of private auditors district-war.

As different officers are following different policies in regard to audit and supervision of co-operative societies and as there are no permanent rules this Conference requests the Government and the Registrar to prepare and publish at once a Co-operative Audit Manual.

This Conference requests the Government to make arrangements to introduce advanced courses in Co-operation to students who have passed the Intermediate Examination for employing them in large co-operative organizations other than the central banks and stores, by establishing a College for the said purpose or by making the existing colleges introduce a " Co-operation " degree course.

This Conference requests the Government and the Registrar to authorise the amendment of the subsidiary by-laws of the societies by providing that a B.A., degree is not necessary for appointment as Secretaries in all co-operative organizations except the Secretaries of Central Banks and that a pass in the Intermediate with co-operative training is sufficient.

This Conference requests the Registrar to take steps to publish a Tamil edition of the first part of the Co-operative Manual which is not available in print. As the model forms given in the second part of the Manual have undergone changes in several registers, the Conference further requests the Registrar to take steps to publish a Tamil edition of the same with the changes.

This Conference requests the Government to authorise the local bodies to deposit over Rs. 10,000 in the current deposits with the central banks and the urban banks and to deposit their amounts without any restrictions.

This Conference requests the Registrar to amend the by-laws to make the loans given by the urban banks into five-year loans.

This Conference is of opinion that the cancellation of the full quota of mill cloth which was being given to the Wholesale Stores is detrimental to the interests of the public and the stores movement and so this Conference requests the Government to supply again full quota of mill cloth to these stores.

This Conference requests the Registrar and the Control authorities to prepare a scheme to enable all the stores to get manure, iron and other articles in sufficient quantities for proper distribution.

This Conference is of the opinion that the collection of supervision charges from the co-operative societies in addition to the audit fees is not conducive to the proper development of co-operative stores and therefore requests the Government to cancel the same at once.

This Conference resolves that Rationing should be enforced without making any difference between rural and urban areas.

As the Madras Shop Assistants Act of 1949 affects the co-operative societies and as there are rules governing the staff of the co-operative societies under the Co-operative Societies Act this Conference resolves that a separate Act is not necessary and requests the Government to exempt at once all the co-operative societies from the operation of the Act.

This Conference requests the Tamil Nad Co-operative Federation and the Government to call a Seminar of experts in Co-operation in Tamil Nad, to examine thoroughly the progress made by the co-operative movement, and suggest modifications in the working of the movement and introduce new features and develop the movement.

This Conference welcomes the idea of setting up a State Cottage Industries Board in the Madras State. To carry out the objects fully and do research throughout the country and prepare statistics, the Conference suggests that a suitable Government Agency should be set up.

This Conference resolves that the Government should advance loans liberally for the capital and other requirements needed for developing cottage industries; and in case the lending banks require a guarantee it requests the Government to give the same and help the industries.

This Conference requests once again the Provincial Co-operative Weavers' Society to set up at once in Tamil Nad a co-operative spinning mill.

This Conference emphatically urges the Madras and the Central Governments that after setting apart a sufficient quantity of yarn to give full employment to the weavers only the balance of the yarn produced in Tamil Nad may be allowed to be exported.

This Conference resolves that only such yarn as is required by the primary handloom societies should be allotted to the Provincial Society and neither more yarn nor yarn of counts which are not required should be allotted and further requests the Central and Madras Governments to compel the mills to produce in sufficient quantities the varieties of yarn suitable for handlooms where there are such varieties after fixing a fair price.

As the two years time given by the Government to enroll 50 per cent of the villages and 30 per cent of the people in the co-operative movement has nearly elapsed and only 6 months remain which is not sufficient this Conference requests the Government to give another five years time for the same.

NINTH ORDINARY ANNUAL GENERAL MEETING OF THE BOMBAY PROVINCIAL CO-OPERATIVE MARKETING SOCIETY

27th September 1950.

Speech of the President, Dewan Bahadur H. L. Kaji.

You will be glad to note that your Society has had another successful year 1949-50. It continued to do service to the co-operative producers in the sale of their produce and also in the supply of their requisites. It has also done service to the co-operative societies in the city of Bombay in respect of the supply of rationed commodities and other household requisites.

The chief feature of this year's working has been the development of the section dealing in fruits and vegetables. The Society did a considerable amount of trade in plantains at its stall at the Byculla Gold Mohur Castle Market, the total turnover being over Rs. 3 lakhs and the commission earned being over Rs. 23,000. Plantains for sale were received at Bombay from many centres chiefly from East Khandesh and Kelwa Mahim. The Jalgaon Co-operative Fruit Sale Society and its Vice-President Shree G. K. Patil and Manager, Shree. S. R. Patil took keen interest in the matter and rendered substantial service to the Society in organizing the plantain trade. Delhi is a great market for plantains from Khandesh and during the year, efforts were made to organize a branch of the Society for sale of plantains at Delhi. It should be interesting to note that since the close of the year a branch has been organized at Delhi and a special advisory committee has been appointed to direct and guide the Society's trade in plantains at Bombay and Delhi.

During the year under report, the Society made an effort at developing the mango trade but I am sorry its efforts did not meet with much success. Vested interests obviously came in the way and the Society could not make much headway. The mango trade, however, is a very important seasonal trade in Bombay and we hope to make further efforts so as to win over a substantial section of the trade.

You will be interested to know that the Society was able to develop on proper lines the sale of vegetables consigned to it. The Government of Bombay appointed the Society as their sole selling agent for the sale of vegetables produced at Khapoli by the Tata Tail Water Utilization Committee. The Panvel Taluka Fruit & Vegetable Growers' Co-operative Society Ltd., was the chief consignor of the vegetables. Vegetables of value of over Rs. one lakh and a quarter were sold by the Society.

Another line that engaged the attention of the Society was the sale of jaggery. Large quantities were received for sale during the year from the Kolhapur Shetkari Sahakari Sangh and the total turnover in this business was a little under Rs. one lakh.

I am sure you must have noticed that your Society continued to serve Government as their agent in respect of the distribution of groundnut cake manure. Towards the end of the year, a very important development has occurred. Government of Bombay have been selling sulphate of ammonia—an important fertilizer, to the agriculturists and this work has

been hitherto done departmentally by the Department of Agriculture. I am happy to state that the Government of Bombay, have entrusted this work of the distribution of sulphate of ammonia in the entire State to your Society as their sole agent. This has meant expansion of the Society which has appointed agents and sub-agents throughout the various districts and the talukas of the State. These agents bring the Society closer to the agriculturists and I have no doubt that closer contacts will mean better trading relations. This business requires very large godowns in the City of Bombay and a large number in the country and the renting of godowns is a very expensive item in the whole scheme. Your Society has, however, been doing its best and has already organised the business and made proper godown arrangements. In this connection, I must express our gratefulness to the Hon'ble Shri V. L. Mehta, Minister for Finance and Co-operation and to the Hon'ble Shri M. P. Patil, Minister for Agriculture. We have in them friends and believers in Co-operation who are ready and willing to assist the Society in undertaking further and larger work for the supply of essential articles like manures to the agriculturists. For such work, and that too developing at a fast rate, our resources might prove inadequate but Government's wholehearted encouragement gives additional strength to render service to the agriculturists as agent of Government. As I said last year, it is not for us to seek work from Government but for Government whenever it has work, to call us and ask us to take it up. We claim the right of first refusal and do not relish the painful position of struggling for a place in the queue of favour seekers. I am glad that Government seem to be agreeable to our claim more and more. I have no doubt that with continued support of the Hon'ble Shri Vaikunthbai and Shri Patil, the Co-operative Marketing Society will have an assured place in all Government schemes of agencies.

State trading is being undertaken on a large scale by Government—both Central and State. State trading is a dangerous experiment, for administrative ability and business efficiency rarely go together. The State may perform this function either departmentally which means loss of business efficiency or through private trade channels which unfortunately connotes capitalism and personal gains. I submit that this function cannot be performed well either departmentally or through private agencies, but through a co-operative agency. A co-operative agency is not actuated by the profit motive and is yet a business body which strives to attain greater and greater efficiency. The profits earned from Governmental work do not swell the pockets of any individual or group of individuals but percolates as rebates to the masses. At present the distribution work has largely been in our hands. I may submit, however, that the import of these fertilizers and the forwarding and clearing work in connection with these should also be in the same hands so that the whole matter may be properly and efficiently managed in the best interests of the State. It will be interesting to learn that since the close of the year your Society has been trying to get this recognition from the Central Government and I hope with the support of our Government, we shall get due recognition from the Centre at an early date.

There is one more matter to which I would like to invite your attention. In this State, credit societies with their banks on the one hand the sale and marketing societies on the other, have been functioning quite independently of each other. There is no link between them. This is not proper. For the agriculturists, credit cannot be divorced from supply and sale for after all why is the credit wanted unless it be to enable the farmer to buy seeds, manures, tools and implements, bullocks etc. or to enable him to hold on till better prices can be secured for his produce. It is extremely queer if one institution sanctions loans which the farmer has to pay over to another organization—the supply organization for the purchase of seeds, manures etc. There must be one institution to meet all the needs of the cultivators. It is the recognition of this, that has brought into existence multipurpose societies and yet over multipurpose societies, we have central financing agencies on the one hand and purchase and sale organizations on the other. It is strange that these banks themselves undertake marketing finance and sanction loans against agricultural produce. The relations between these two sects of organizations are very inchoate and nebulous. It appears that for the multipurpose society of a village or a group of villages, there should be a district multipurpose society combining banking with purchase and sale and the provincial organization may similarly be also a multipurpose organization. We cannot afford to have water tight compartments at the district and provincial headquarters when we see unification at the primary stage.

Apart from this, the practice of granting loans to individuals on the pledge of agricultural produce is, I have no doubt, entirely unsound. The individuals fortified by such loans are the very exploiters against whom co-operative purchase and sale stands up to fight and surely a co-operative bank cannot thus strengthen the exploiters whom Co-operation seeks to eliminate. The sooner this practice is abandoned the better.

Till however we reach agreed conclusions in this matter, it is obvious that there must be some link between credit and marketing. Loans should only be granted on the definite understanding that a substantial portion if not the whole produce, is sold through a co-operative agency. A certificate from a co-operative marketing agency should be insisted on for the grant of fresh loans by a financing agency. It is high time that we stopped merely talking a great deal about a link and strove to create a link at an early date.

Overcrowding was a feature very undesirable in the Society's premises. Now overcrowding has been intensified and the need for a building is all the more urgent. Our need for a large godown in the Port Trust area with Railway siding is, however, yet more urgent and though we are assured of all assistance from Government, we cannot go on asking perpetually and have to wait for a building of our own for the Society.

REPORT OF THE RURAL BANKING ENQUIRY COMMITTEE

Summary of Conclusions and Recommendations

PRESENT POSITION OF BANKING FACILITIES

Banking facilities are available to the public in this country from a variety of institutions, some of which are not 'banks' in the usual sense of the term. They are: treasuries and sub-treasuries; Imperial Bank of India and other commercial banks; indigenous bankers and institutions; co-operative banks and societies; post office savings banks; and insurance companies and societies.

Indigenous bankers and money-lenders continue to play a significant role in rural credit, but their importance and activities are generally on the decline.

During the war and after, the provincial co-operative banks have, on the whole, made good progress. Among these the provincial co-operative banks of Madras and Bombay are in a strong position. The position of the central co-operative banks is strong in Bombay and Madras; in Uttar Pradesh their present position may be regarded as generally satisfactory. The structure elsewhere is in a process of reorganization, consolidation and rehabilitation.

The largest part of the structure providing banking facilities to rural areas consists of rural co-operative societies. Taken as a whole, the structure of rural credit societies can be said to be impressive, and as a result of changes brought about by the war, improved in certain respects. The improvement is, however, by and large, confined to the provinces of Bombay and Madras. In almost all provinces, emphasis is now being laid on the organization of multipurpose societies

Post office savings banks are the most widespread governmental agency; they enjoy the confidence of the people, and can be developed to collect the savings of the rural people to an increasing extent.

Insurance companies form an important channel for the mobilisation of the people's savings, but they have not as yet been able to approach the rural population, or tap their savings.

Although expansion of banking during recent years has been considerable, a part of it—at any rate particularly in the field of commercial banking—represented careless, and even unscrupulous, expansion of branches by banks having inadequate financial resources and following unsound methods of working. The extension was also somewhat lopsided, there being heavy concentration in the larger towns and cities, while the smaller and semi-urban towns received less attention.

With a few exceptions, commercial banks have not found it possible to go beyond taluka (or tehsil) headquarters towns and a few mandis or other trading centres further inland; the villages themselves are being served mostly by co-operative credit societies and post office savings banks.

Having regard to the vast area and the needs of the country, much still remains to be done to extend the benefits of modern banking to the people of these areas.

The diversity of banking institutions is inherent in the variety of conditions and circumstances obtaining in different regions of this country, and is the natural consequence of historical circumstances. The differing requirements of people cannot all be provided by one set of institutions and all the various types of institutions have their place in the banking system. What is necessary is to ensure co-ordination in their activities and the maintenance of a minimum standard of soundness, efficiency and service to the people.

MOBILISATION OF RURAL SAVINGS

The question whether there have been any savings in recent times in the rural sector is controversial. But, taking the agricultural sector as a whole, available estimates of national income show that its money income has increased three-fold since 1931–32, and that its share in the total income has also gone up, revealing a relative shift in incomes. Again, a study of comparative price data indicates that after 1942, the relation between agricultural and non-agricultural prices has generally been advantageous to agriculturists, and therefore, their money income, as well as purchasing power in real terms, and consequently saving capacity, can be said to have increased. Costs of cultivation and prices of consumers' goods have also been increasing along with agricultural prices but agricultural costs being largely of a local and predominantly rural character their increase means only a certain amount of redistribution of incomes within the rural community itself. Expenditure on essential goods produced outside the rural economy normally forms a small part of the budgets of the rural people, and such expenditure has, for several years, been limited by the non-availability of several types of goods.

Co-operative statistics, reduction of indebtedness, and increase in the balances in rural post office savings accounts reinforce the general conclusion that rural incomes have risen, and a margin has been available for savings.

A fairly large proportion of the total agricultural income has gone into the hands of the small minority of big landholders who have also of late benefited from increased participation in money-lending and trade in agricultural produce and livestock. The benefit of debt reduction too has largely accrued to this class while higher direct taxation which has seriously encroached on urban incomes has not touched them, except to a very small extent. Taking the country as a whole, the major part of rural surpluses and consequently savings, in one form or other, should be found with the bigger landholders and with some non-agriculturists, such as village money-lenders, traders, owners of mills, etc.

It is likely that some of the small land holders, tenants, and labourers have also been earning higher incomes with some margins for savings, but

such savings would be found distributed in small driblets among large numbers, or might have been absorbed in an improved standard of living, or in certain cases, dissipated in wasteful expenditure.

There is a consensus of opinion that savings are likely to be substantial in the more fertile tracts and in areas growing commercial crops, while in other regions these are likely to be meagre.

Increased incomes and savings of the rural people are being largely used to repay debts and make loans to other agriculturists, purchase lands, gold and silver, improve agricultural equipment and effect improvements to land and, to some extent, to raise consumption levels. The general view is that there are no large cash holdings.

It is not possible to hazard any guess as to the magnitude of current annual savings, or the size of accumulated cash savings available with the rural people. While it would be wrong to assume that large amounts of cash savings are available for collection through the extension of banking facilities to rural areas, it cannot also be categorically held that no possibilities of drawing rural savings into channels of investment useful to the public exist at all.

Under existing conditions, it would be advisable to concentrate on the consolidation of the progress already achieved, and to plan further expansion on sound and cautious lines, rather than undertake any costly and hasty schemes of expansion of the banking system on the basis of over optimistic expectations. Such expansion would have to be conceived largely from the point of view of bringing within the framework of the banking system the savings already accumulated and being currently made by the relatively well-to-do rural classes, particularly in the more prosperous regions. To this end, encouragement should be offered to sound commercial banks to open offices as near the rural areas as possible.

For the smaller people in rural areas, emphasis will largely have to be placed on the expansion and more effective utilization of machinery like post office savings banks and co-operative societies. Attempts will also have to be made to promote thrift and small savings by means of propaganda, and group effort utilized to the maximum possible extent.

MACHINERY FOR RURAL CREDIT

Attention should more properly be concentrated on building up and developing varied and adequate institutional machinery for rural credit, in each region in conformity with local conditions.

The weakness of the co-operative structure seems to lie mainly in these institutions, and more thought and effort should be devoted to their development. The generally favoured plan now is the establishment of strong multipurpose societies, able to employ competent paid staff for each group of contiguous villages, and these attempts should be encouraged by the Provincial Governments by providing the necessary staff for inspection and supervision.

While the establishment of new organisations, e. g. Agricultural Credit Corporations or Agricultural Banks, may be necessary in some regions such as the former Indian States, full use should be made of the existing institutions.

Land mortgage banks are the most appropriate agencies for providing long-term credit. The establishment of an Agricaltural Credit Corporation for the country as a whole is not opportune at present.

It should be possible for the commercial banks to provide finance for the marketing of produce to a much greater extent than at present when a number of regulated markets are established, the grading and standardisation of agricultural produce are developed and satisfactory warehousing arrangements are made. They should also be able to play a greater part in rural credit in the shape of advances on the security of produce and gold, and loans for the purchase of expensive agricultural equipment.

A satisfactory machinery to deal with the credit needs of 'disadvantaged' farmers will have to be developed gradually, and the task will, in the first instance, have to be undertaken on an experimental basis.

At present private moneylenders play the major role in the provision of rural credit, and in any legislation intended to restrict and control their activities, Government should take account of the pace at which alternative machinery of a satisfactory type can be made available to agriculturists.

PROPOSALS FOR THE EXTENSION OF BANKING FACILITIES

The need of the rural areas for advances is considerable, and is capable of continued increase. Co-operative institutions are the most important agencies for providing credit and should therefore, receive special attention and assistance.

The Imperial Bank and other Commercial banks should be allowed and encouraged to expand up to taluka (or tehsil) towns, mandis or market towns, or other towns of some commercial or industrial importance. An expansion in the number of offices of the Imperial Bank is desirable in the interest of the rural areas, as well as of the banking system as a whole. Co-operative banks can be established in the larger as well as smaller towns, and can go deeper in to rural areas than commercial banks. small villages can only be served by co operative societies and rural post office savings banks.

Government should take such steps as would create the necessary atmosphere for, and assist the promotion of orderly development of banking.

The grant of direct cash subsidies to support rural branches of banks is not recommended; the keeping of interest free deposits with banks is also not favoured.

The measures proposed for assistance are (a) General proposals for assistance to all banking institutions, consisting of measures for the removal of impediments and for the provision of indirect types of stimuli available to all sound banks; b) Special measures for assistance applicable to co-operative banks and societies. Apart from these the promotion of banking activity must be through an increase in the number of post offices and branches of the Imperial Bank.

The payment of a higher rate of interest on deposits at the rural branches of banks is neither practicable not desirable. The rural people should be educated to look more to the security of their funds and other advantages such as advances at moderate rates than to high interest rates on deposits.

More active steps than hitherto taken for the promotion of warehousing are urgently needed, and, as a short-term measure, the establishment of a Warehousing Development Board with funds contributed by the Central Government, the Reserve Bank and the Provincial and State Governments is recommended.

SPECIAL ASSISTANCE TO CO OPERATIVE BANKS

The co-operative banks and societies would need special assistance and some subsidies in addition to the concessions and privileges they are already enjoying. The recent scheme of reorganization of co-operative banking undertaken in Bombay is approved and considered worthy of adoption, with such changes as may be necessary to suit local conditions, in other regions where the co-operative structure is reasonably sound. The scheme put forward in Madras for constituting a number of co-operative banks with limited liability in 'major panchayat' villages is also supported. The Provincial Government should give the financial assistance necessary for its implimentation.

The following special types of assistance should also be provided :

(i) The rates for postal remittances between co-operative institutions and the central financing agencies should be substantially lower than the normal rates.

(ii) Rules regarding the maximum up to which co-operative societies may hold deposits in post office savings banks, the number of times they may operate on their accounts per week, and the maximum they could withdraw per week should be liberalised.

(iii) Co-operative banks and societies should be approved for appointment as authorized agents for the sale of National Savings Certificates.

Co-operative banks should take increasing advantage of the financial accommodation available at concessional rates from the Reserve Bank of India. To make this possible, closer contact and laision should be built up between the Reserve Bank and the co-operative banks to keep the Reserve Bank more closely informed of the inner working of co-operative banks and to enable it to place its advice and guidance more effectively at their disposal.

The future structure of banking would consist of (*a*) the Reserve Bank of India with a branch office in each major Province or State, (*b*) the Imperial Bank of India and other commercial banks extending their activities to taluka or tehsil headquarters or other semi-urban centres, (*c*) the provincial and central co-operative banks with their branches or affiliated banks extending to all towns or large villages or centrally situated villages, (*d*) State-owned and State-sponsored Agricultural Credit Corporations or Agricultural Banks and (*e*) a chain of land mortgage banks for each region.

The number of post offices doing savings bank work in rural areas should be increased.

The introduction of mobile banks on any considerable scale in this country under the present conditions is not recommended.

TREASURIES AND THE EXTENSION OF BANKING FACILITIES

Steps should be taken to convert non-bank treasuries into bank treasuries at as many centres as possible.

The entrusting of cash work to co-operative banks will present certain special difficulties:

(i) Co-operation is a Provincial subject; this militates against unified control which is necessary for undertaking Government cash work.

(ii) The Reserve Bank does not have powers of control and supervision over co-operative banks in the way it has over the commercial banks.

(iii) The central co-operative banks and the banking unions are independent legal entities and branch banking has not developed to any great extent except in a few Provinces. Moreover, no provincial co-operative bank has its own branch in any other province to facilitate transfer of funds between provinces, or the adjustment of accounts with the Reserve Bank.

(iv) If co-operative banks undertake cash work, their dealings will largely be with non-members leading to neglect of their primary function of promoting the economic interests of members. They will thus lose their essential co-operative character, and jeopardise their claim to the privileges they now enjoy.

(v) The transfer of cash work to them would entail the grant of special subsidies or assistance, which cannot be recommended.

(vi) The proposal that only the cash work should be entrusted to co-operative banks and the maintenance of currency chests and small coin

depots should continue to be attended to by Government treasuries, would merely mean the duplication of the machinery, which is considered unnecessary.

(vii) Several Provincial Governments have opposed the entrusting of cash work to co-operative banks, in view of their weak and undeveloped condition in their respective areas.

FORMATION OF A NEW STATE-SPONSORED BANK

The proposal that the Reserve Bank should establish a large number of its branches and manage Government cash work at all treasuries and sub-treasuries is not supported.

It is recognised that the present organization of the Reserve Bank is inadequate to meet the requirements of the country, and energetic steps should be taken to secure the establishment of a branch of the Bank at the headquarters of each of the major Provinces and States, special attention being paid to the requirements of States where the Reserve Bank has no office at present.

Limited expansion on these lines, which is necessitated by the large size and growing requirements of the country and the increase in note circulation and public debt since the war, would smoothen the process of financial integration and facilitate closer contact between the Reserve Bank and the Provincial and State Governments, and between the Reserve Bank and other banks; it is also desirable on strategic and other grounds.

The formation of a new State-sponsored bank by the consolidation of several small banks in the States, although attractive at first sight, will present many difficulties. The principal difficulty will be in defining the relative spheres of the activities of the Imperial Bank, the new State-sponsored bank and other banks.

The Imperial Bank is, to all intents and purposes, functioning as a State-sponsored bank, and the people can legitimately look forward to its being developed as a national institution. The multiplication of institutions performing similar functions and competing with one another with State-aid will not be desirable.

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