151

Indian

co-operative

Review

1952 - July - September

VOL - 18. NO - 3

Vol. XVIII. No. 3. 787/1-53. JULY—SEPTEMBER, 1952.

787

INDIAN CO-OPERATIVE REVIEW

JOURNAL OF THE ALL-INDIA CO-OPERATIVE UNION

PUBLISHED QUARTERLY

THIS ISSUE CONTAINS :

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

151

THE INDIAN CO-OPERATIVE REVIEW

VOL. XVIII JULY—SEPTEMBER, 1952 No. 3

CONTENTS

THE INDIAN CO-OPERATIVE REVIEW

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.

For further particulars write to:
Manager, Indian Co-operative Review,
Farhat Bagh, Mylapore, Madras 4.

THE INDIAN CO-OPERATIVE REVIEW

VOL. XVIII JULY—SEPTEMBER 1952 No. 3

EDITORIAL NOTES

Rebates on Co-operative Life Policies.

The decision of the Executive Committee of the Indian Life Insurance Council to withdraw the concession allowed by the Co-operative Life Insurance Societies, in charging reduced rates of premium to members of co-operative societies is very unhappy and regrettable. In order to encourage life insurance among rural population, especially among lower middle classes, agriculturists and artisans, who are members of co-operative societies, co-operative life insurance societies offer reduced rates of premia. This is doubly beneficial *viz.*, providing life insurance protection at a cheaper cost, and encouraging the habits of thrift and self-help in persons with limited means. This attempt on the part of co-operative insurers is certainly praiseworthy, and their contribution to the development of the socio-economic life of the masses is certainly significant. It is a well-known fact that both in respect of per capita and on population basis life insurance in India is at the lowest figure when compared with countries like England, America and Canada. In spite of the spurt which life insurance had in recent years it has not developed in this country to an extent one would wish. India is a predominantly agricultural country and unless life insurance is popularised to a large extent in rural areas the growth of life insurance business in this country will be slow and on a small scale. Rural population is generally conservative and sentimental by temperament, and any scheme of investment other than in agricultural operations will be hardly acceptable to them. It will be certainly a difficult job for the insurance agent to bring home the benefits of life insurance and convince them to invest their savings in life insurance policies.

When co-operative effort is applied to this difficult task, as is being done in the case of all other economic problems, it becomes no doubt, easy. Co-operative life insurance societies have therefore rightly felt that the rural population can be effectively served through co-operative societies. One of the fundamental tenets of Co-operation is "Thrift". Co-operative societies not only advance moneys to the agriculturists but also prevail on them to effect regular savings. What better form of saving can there be, and what better form of investment is there, to mobilise the small savings, than life insurance? Members of co-operative societies generally heed to the advice tendered by the office-bearers of their society in this behalf than by the roving insurance agent. In this effort the co-operative insurance societies have appropriately thought fit to charge reduced rates of premium to the members of co-operative societies and thus pass on the benefit directly to the consumer what is otherwise enjoyed by the agent. No additional expenditure is incurred in this behalf and this gesture shown by the co-operative insurance societies certainly acts as an incentive to the members to take to life insurance. This concession of reduced rates of premium which is in the nature of a rebate, is permissible under the Insurance Act as it finds a place in the published prospectuses of the insurers. Co-operative life insurance societies have been legitimately granting these rebates for a long time, and it is not known on what grounds the Executive Committee has found the granting of this rebate to members of co-operative societies as undesirable and therefore decided to withdraw the concession, when the granting of rebates in premiums to employees in establishments was not considered objectionable. We do not see anything unhealthy or undesirable in this practice. On the other hand, it only helps the development of life insurance in rural areas through the assistance of co-operative organisations. If there is anything to be said about it, it can only be in favour of its continuance and certainly not its withdrawal. Co-operative effort should receive special attention, and any attempt which is designed to make the rural population to shed their bias and conservative tendencies, and to enhance their standard of life, should be appreciated.

The All-India Co-operative Insurance Association has rightly lodged its protest and drawn the attention of the Insurance Department of the Union Government to this decision of the Executive Committee of the Life Insurance Council. It is hoped that the Government of India will dispassionately view the whole matter and see that this decision is not implemented.

* * *

Need for Developing Rural Insurance

Among modern inventions Life Assurance is certainly one which is calculated to improve the nation's economy and better the lot of the individual. It combines in itself many virtues. While affording provision for old age, and for the family, it also enables the individual to cultivate the habits of thrift and self help. In these days of high cost of living when a large section of the population of this country belong to lower middle classes, the necessity to save, and put by something for the rainy day is all the more. That India's population is predominantly agricultural and rural is a fact well-known to all. The financial condition of the average cultivator is aptly described thus: "The average Indian agriculturist is on the whole an honest and diligent tiller of the soil, whose diet is sparse, whose wants are few and whose standard of living is perhaps the lowest in the civilized world. He lives on the very margin of subsistence. Very often, he borrows not because he can but because he must." "He is born in debt, lives in debt and bequeathes debt." Even in these days when agricultural produce fetches comparatively higher prices, to improve the lot of the agriculturist is really a serious problem for several reasons. The size of the average holding is small; the cost of cultivation and living is high. Nevertheless, the present times are certainly propitious for the rural population to save a portion of their income.

Insurance consciousness is very low in India compared with other advanced countries which is evident from the low per capita insurance in India, which is Rs. 21 as against Rs. 7, 500 in America. It is therefore absolutely necessary that an all out drive should be made to educate the rural masses to cultivate the habits of thrift and self-help. There is no better and effective mode of methodical saving than in a life insurance policy. Savings can be effected regularly, which cannot be withdrawn at will and such savings serve as provision in old age, and protection to the family. Needless to say that they also increase the credit worthiness of the individual.

The need for careful fostering of insurance consciousness and developing life assurance in this country is all the greater, because social security in the form of provision for one's old age and for the family, in the event of the earning member's premature death, has to be provided by oneself, as the State's responsibility and the State sponsored schemes in this direction do not compare either in scope or extent with similar responsibilities and schemes in advanced countries. A scheme of social insurance for industrial workers for affording relief during sickness and consequent unemployment, has been inaugurated recently in this country but it does in no way compare with the scheme of Social Security in England—popularly known as Beveridge's Scheme of Social Security—which provides from "cradle to grave". Here again we are confronted with the painful fact about the rural population. It is very remote if State can ever sponsor a scheme for the benefit of the agricultural population as has been done in the case of industrial workers. The only remedy, therefore, lies in self-help. The average agriculturist is very conservative and sentimental by temperament and if he should be induced to practise the habit of thrift and to provide for his old age and family through life insurance, it can be done only through a powerful and persuasive local agency. There can be no better one in this behalf than the local co-operative organisation.

Co-operative enterprise has developed in this country in recent years and co-operatives are pressed into service to a very large extent to meet the various economic needs of the rural population—necessities of life like food and clothing, implements and manure for agricultural operations, cheap short and long term credit for agricultural purposes. This sort of service without any profit motive has rightly attracted the masses to co-operatives

to solve their economic problems. Such being the influence a co-operative society wields over its members, it is not unreasonable to expect the society to further serve the interests of its members, by preaching thrift which is a legitimate object and seeing that the members effectively practise it. It is therefore necessary that all the co-operative organisations should bestow their serious attention to this very important problem. There are numerous advantages gained by the organisations also in this effort. The life insurance policies can be got assigned in favour of the co-operative society where the individual borrows. This will act as additional security. The life funds of Co-operative Insurance Societies constituted from the premia collected are invested in debentures of land mortgage banks thus affording long-term credit to the agriculturists through land mortgage banks. Co-operative Life Insurance Societies effectively cater to the needs of the rural population by issuing policies even for sums below Rs. 1,000. Co-operative organisations will therefore be doing a real service to their members as well as others in their area of operations if they effectively persuade such of those who have the means to save to invest their small savings in co-operative life insurance policies.

There is also another channel through which life insurance can be popularised effectively in rural areas. The sole aim of the Community Projects Scheme is to better the lot of the rural population—to raise their standard of living and to make them self-reliant. It will certainly be within the objects of the scheme to make the villagers practise the habit of thrift and self-help. This attempt will certainly aid in the achievement of the other objects of the Community Projects Scheme. It is therefore suggested that in the Community Projects Scheme special attention should be paid to the introduction of life insurance on a co-operative basis, as such an attempt will greatly benefit the rural population. The Community Project Officers should therefore include in their programme the development of life insurance on a co-operative basis in their areas. Only then can life insurance develop in rural areas to the lasting benefit of the agriculturists.

* * *

In the January-March 1950 issue of this *Review* we published a brief and authoritative sketch, of Lallubhai Samaldas Mehta.

Biographical sketches of Co-operators.

We have been anxious to get similar contributions of Co-operators and we have been promised some help from Bombay. Meanwhile, we have published in this issue a short sketch of the Hon'ble Sri V. Ramadas Pantulu who belonged to the Madras State. The account is a bare skeleton of facts and eschews epithets.

NEWS AND VIEWS

The International Labour Organisation set up an Asian Co-operative Field Mission at Lahore, to promote the development of the co-operative movement in Asia. The Mission, it is said, will promote the initiation, elaboration and implementation of effective national programmes of co-operative development in the countries of the region. It will also help the I.L.O. headquarters in Geneva in the development of technical assistance in co-operatives. The United Nations and the Food and Agricultural Organisation are co-operating with the I.L.O. in the project. Mr. William K. H. Campbell, a British expert with wide experience is appointed the head of the Mission. Mr. Campbell will be assisted by a team of experts, including a co-operative education officer, an industrial co-operatives officer, a credit co-operatives officer, an agricultural co-operatives officer and a supply and distributive co-operatives officer. The Agricultural co-operatives officer to the Mission will be appointed by the F.A O

The Mission, it is understood, would shortly award fellowships for specialised training in co operatives to member countries.

* * *

A meeting of the Executive Committee of the All-India Co-operative Union was held at New Delhi on the 12th December '52 under the Presidency of Shri R. G. Saraiya, O.B.E. The Meeting was attended by Shri Rafi-Ahmed Kidwai, Minister for Food and Agriculture, Government of India, Shri Shafiq-ur-Rehman Kidwai, Minister for Education, Delhi State, Dr. Panjabrao Deshmukh, Minister for Agriculture, Government of India, Shri V. T. Krishnamachari, Member, Planning Commission, Shri Vishnu Sahay, Secretary, Ministry of Food and Agriculture, Government of India, Shri V. L. Mehta, Member, Finance Commission, among others. The proceedings of the meeting will be published in the next issue of this *Review.*

* * *

The 27th Annual Co-operative Congress of Bihar was held at Siwan on the 6th and 7th of December '52. Sri Dip Narain Sinha, Minister for Co-operation, Bihar inaugurated the Congress and Sri Tara Prasanna Ghose, a veteran co-operator of the State presided. Sri Srikrishna Sinha, Chief Minister of Bihar also addressed the Congress. Khan Bahadur Shaghirul Haque, M.L.A., a very old co-operator of Bihar and Ex-Deputy Governor, Bihar Co-operative Federation, welcomed the delegates numbering over two hundred. A special feature of the Congress was a well-organised co-operative exhibition which was organised by the Weavers' Co-operatives Agriculture Department, Sugar-cane Research and Industrial Departments. The Exhibition was inaugurated by Shri Mahesh Pd. Sinha, Minister for Industries, Transport and Information.

* * *

The First Rajasthan Co-operative Conference was held at Kotah on the 29th and 30th September and 1st October '52 under the Presidency of Shri Amritlal Yadav, Minister for Co-operation, Rajasthan. The Conference was inaugurated by Dr. K. N. Katju, Minister for Home Affairs, Government of India. The Co-operative Flag was hoisted by His Highness Shri Bhim Singh Sahib of Kotah. Shri Sambhu Dayal Saxena, Chairman of the Reception Committee welcomed the delegates.

* * *

The 28th Madras State Co-operative Conference was held on the 20th and 21st December 1952 at the Pachiappa's College, Chetput, Madras. The Hon'ble Sri D. Sanjeevayya, Minister for Co-operation, Madras, hoisted the Co-operative Flag. Sri D. Mahalingam Pillai, Vice-President of the Madras State Co-operative Union, welcomed the delegates on behalf of Sri B. Venkataratnam Choudry, Chairman of the Reception Committee who unfortunately could not be present on the occasion. The Hon'ble Sri C. Rajagopalachariar, Chief Minister of Madras, inaugurated the Conference and Shri Syamnandan Sahaya, Chairman of the Bihar State Co-operative Bank and Vice-President of the All-India Co-operative Union presided.

An exhibition of cottage industries in the State was organised along with the Conference and was opened by Dr. A. Lakshmanaswami Mudaliar, Vice-Chancellor of the Madras University.

* * *

A Conference of all Multipurpose Co-operative Societies in Mysore State and a Conference of the Presidents and Secretaries of the Co-operative Societies in the State will be held under the auspices of the Mysore Provincial Co-operative Institute, at Bangalore on the 2nd February 1953. Sri H. Siddaveerappa, B. A., LL. B., Home Minister, Government of Mysore, will preside over the Conference of Multipurpose Societies. Sri S. Srinivas, F.R.H.S., President, Mysore Provincial Co-operative Institute, and Vice-President, All-India Co-operative Union, will preside over the Conference of the Secretaries and Presidents of the co-operative societies in the State.

OUTLINE OF A PLAN FOR CO-OPERATIVE DEVELOPMENT IN RAJASTHAN*

BY

R. G. SARAIYA, O.B.E.,

President, Indian Co-operative Union

The Co-operative Movement is not new to Rajasthan. The State of Rajasthan, which has been formed by the integration of some 19 States, has got varying degrees of co-operative development with a fairly large number of societies in the former States of Kotah and Bharatpur, a smaller number of societies in some other States and with no co-operative societies in some States. The United State of Rajasthan had on 30 6-'50 2,886 societies with a membership of 97,556 and co-operative experience gathered over a period of 25 years by some of its leading workers. However, the State of Rajasthan is now one administrative unit, and as it is necessary that there should be uniform and co-ordinated development in the State, I venture to make a few suggestions which are based on experience in other parts of India. With a population of over 1,33,00,000, the membership of the societies should be gradually raised to nearly 8 lakhs to bring 30 per cent of the population under the co-operative fold as recommended by the Co-operative Planning Committee.

It has now been generally recognised that the Co-operative Movement offers the principal solution to a large number of the economic difficulties of the country. In fact, the Co-operative Movement, based as it is on self-help and on the principle "Each for all and all for each" presents a true stronghold for democracy. Under the present circumstances ruling in India, the Co-operative Movement may be regarded as our surest shield against the forces of totalitarianism, as co-operation implies continued respect for the individual and his rights and, at the same time, it means freedom from exploitation. In a co-operative society again, people have both rights and obligations, and this is most important to realise as, at the present moment, there is a general tendency to stress rights rather than obligations. For example, loyalty to the co operative society is the *sine qua non* for the success of a society; a marketing society, for example, in which the members become loyal to the society when it suits them and sell their produce outside when they realise better prices is the very negation of

* Paper sent to the First Rajasthan Co-operative Conference, Kotah, 29th Sept. '52.

co-operation. The Co-operative Movementfinds an honoured place n the policy and programme of almost all the political parties and particularly of the Congress Party, and in the draft outline plan of the Planning Commission. It is therefore in the fitness of things that the Co-operative Movement in the State of Rajasthan is organised in such a way that it will function as an integral part of the co-operative plan of the country. In the various development projects, community projects, schemes of agricultural development, co-operative farming, village reconstruction, cottage industries, housing and distribution of commodities etc., co-operation is bound to play a very important role in future.

But co-operation has to be built up from the bottom. It is therefore necessary that the co-operative workers in Rajasthan decide to carry the message of co-operation to the people, particularly to the farmers so as to enrol them as active and willing participants in the co-operative plans; they should not feel as if they were being patronised, talked at or lectured to; they should feel that the Co-operative Movement is their own Movement; they should learn the principles and apply them in their daily life; they should learn that by accepting membership of a co operative society, they will be improving their own standard of living, their production of food and cash crops; that their co operative society will help them to be free from debt in course of time, that the society will mean better food, better clothing, better housing and better education for the children of the members and that co-operation is a way of life which will ultimately lead to the betterment of all the members of the society and of the village as a whole. But all this would be possible only if they are prepared to work as one man in their co-operative society, so as to secure the benefits of joint action.

This work of spreading the gospel of co-operation can be undertaken with the assistance of a Co-operative Institute which should be started in the United State of Rajasthan with representative workers from the existing co-operative organisations including primary societies as members, and proper State assistance in the initial stages. The Institute can undertake the work of training co-operative workers for Secretaries, managers and members of the committees of various primary societies so that they can look after their societies in a truly co-operative way. The Institute can also sponsor co-operative propaganda and undertake, village to village, demonstration of the values of the co-operative method and co-operative organisation to the people. As the nucleus of

such an Institute would be the co-operative workers who have devoted quite a number of years to the work of co operation, it should not be difficult for them to carry the message of co-operation in the way indicated above to the people.

It is also necessary to organise an Apex Bank which can serve as the balancing centre or reservoir for the financial resources of the Co-operative Movement, encourage savings and attract deposits and serve as a channel through which financial assistance and accommodation from the Reserve Bank of India can flow to the members of co-operative societies. The primary object of this Bank should be to finance agricultural production and marketing and also to assist other co-operative activities like those of industrial societies. But the Apex Bank or any central financing agency deriving its resources from short-term deposits should not undertake provision of long-term finance as on housing, nor should its chief aim be the financing of individuals. For example, in the case of the Bank of Rajasthan Ltd., the emphasis should be on advances to primary societies and not on advances to individuals against agricultural produce or against commercial goods. The Apex Bank should either work through central banks, which may be existing at present, or where such banks can be organised on a fairly sound basis. The question of having branches of the Apex Bank should be considered for areas, where no such central bank exists or can be organised in the near future.

Another important activity which may be co-operatively undertaken is that relating to industrial co-operatives. It is well-known that in India the number of people engaged in agriculture exceeds the number which it is economically possible for agriculture to maintain. On the other hand, the larger industries are not able to provide employment for all the population, surplus from agriculture. A very important contribution to the solution of the problem of unemployment can therefore only be made by cottage and small-scale industries and the formation of industrial co-operatives. It may therefore be suggested that the State of Rajasthan should think of starting a promotional agency or an industrial association for the purpose of promoting cottage industries and reorganising them on a proper footing. Rajasthan is famous for some of its cottage industries, but a lot more can be done if a systematic effort is made to put them on co-operative and organised footing. For example, a very valuable contribution to the welfare of the people can be made by the reorganisation of the wool industry in Rajasthan. Although the figures of the exports of wool from Rajasthan run into crores of rupees, there is considerable scope for improvement in the rearing and breeding of sheep, grading of wool and its marketing, so as to bring the greatest return not only to the producers of wool in Rajasthan but also to the country as a whole. Wool is an important earner of foreign, particularly dollar, exchange, but unfortunately much remains to be done in the matter of systematising and grading the production of wool. May I, therefore, suggest that the Co-operative Industrial Association should also take in hand the question of organising the producers of wool, shepherds or Rabaris, spinners and weavers of wool and all others engaged in this industry, on a proper footing?

In order to co-ordinate the various kinds of activities and to see that they are on proper lines and to give them proper guidance, it will be necessary for the departmental staff of the Registrar of Co-operative Societies to be expanded. The staff should be adequate to ensure proper supervision and timely audit of the societies; otherwise there would be grave danger to the stability of the co-operative institutions.

The Government of Rajasthan will also have to provide funds in the initial stages not only for the Apex Bank in the form of contribution to share capital—and may be some working funds also—but also contribute liberally to the Co-operative Institute which will be the agency for education, training and propaganda of the Co-operative Movement. In course of time, both these institutions should be self-reliant. But in the initial stages, it will be necessary for the State to give them such assistance as may be necessary. A certain amount of State guidance, association and assistance in the working of these institutions would be inevitable in the early stages, but I would not call such guidance or such assistance as State control. It should be quite possible, in an independent democratic government, for the servants of the government called 'officers' and the servants of the Co-operative Movement called 'non-officials' to work together in a spirit of harmony and co-operation, without either of them feeling that their functions are being impeded by the other.

I am sure it will be possible to lay down a solid foundation for the co-operative movement in Rajasthan by enlisting the willing co-operation of the people of the State in the Co-operative Movement. On this solid foundation, the co-operative structure can be built on the four pillars consisting of (1) a Co-operative Apex Bank and the regional financing agencies for the purpose of encouraging

thrift and tapping savings of the agricultural community and making them available for agricultural development; (2) a Co-operative Institute consisting mainly of enthusiastic workers for the purpose of organising co-operative training, propaganda and spread of the Movement in the whole State; (3) a Co-operative Industrial Association, assisted by the State and charged with the work of promoting and fostering cottage industries and particularly the wool industry in the State; and (4) a Co-operative Department with its Registrar as a guide, philosopher and friend of the Movement.

SOME IMPLICATIONS OF CO-OPERATIVE FARMING IN INDIA*

By

P. N. Driver,

Professor of Agricultural Economics,

College of Agriculture, Poona-5.

Most people to-day agree that our agriculture based on individual cultivation of privately owned lands has failed to keep pace with the productive requirements of our increasing population. Instead of giving more yields per acre it has led to a definite decrease in the yield per acre. Whilst the area under cereals during the three years ending 1949–50 has not changed appreciably it is officially reported that our total cereal production has decreased from 46.16 million tons to 42.1 million tons. The collective use of land, collective irrigation, etc. are recommended even by many who normally support private property in land. There are indeed very few who do not accept the absolute necessity of joint farming in India.

Need to make clear the Full Implications of Co-operative Farming

The acceptance of the need for joint farming, however does not mean that we all are clear in our minds as to what kind of joint farming we should have. Most people accept the view that we require "co-operative farming" for the purpose of joint farming but co-operative farming also has been very much misunderstood. We have been trying, so to say to marry agriculture to a bride whose face has not been seen clearly and whose rights and responsibilities are, as yet, rather vague. It is the duty of this Co-operative Congress to make the implications of co-operative farming very clear. Bombay State may be congratulated for having given a definite lead to the rest of India in matters of co-operative farming, but for that very reason our responsibility is heavy. We have to give a lead also in clearly defining the scope of this type of farming.

Dangers of Ideological Mutilation of Economic Concepts.

It is not commonly realised that many economic terms like "socialism", "competition," etc., are extremely indefinite. They should normally have a universally acceptable scientific connotation but unfortunately there is a tendency throughout the world to ascribe meanings to economic concepts like these to suit national conditions and circumstances. This leads to great ideological

*Paper submitted to the First Indian Co-operative Congress held at Bombay in February 1952.

mutilation of such concepts. To give one example, we also know that Herr Hitler represented a truly anti-socialist force and yet he rose to power by calling himself a socialist. We have to realise that indefinite words can cause a lot of confusion in the minds of the masses. It is true that there is no question of anybody trying to do intentionally with the phrase "co-operative farming" what Hitler did with the word "socialism" and yet we must realise that loose thinking and indefinite words used innocently can also be extremely dangerous for any young experiment like our own.

The Role of Co-operation in the Socialist World of To-day.

I may be permitted to start by saying that even after we have done our best the word "co operative farming" will not and cannot become more definite than the word "co-operation" itself. It is strange but very true that a universally acceptable definition of co-operation is not as easy as we may think it is from our knowledge of text books. There are many loopholes in the evolution of a final definition and one such loophole is the absence of a universal agreement on the question of the relationship between Socialism and Co-operation. We may do well to remember that apart from differences of approach between co-operative writers of different nationalities which have caused this vagueness, not all writers on co-operation even in one and the same country, such as the United States, are able to agree fully on the relationship between Socialism and Co-operation. The disagreement on an issue like this is serious, for if co-operation is to develop in a socialist world it requires a proper interpretation. Its role in modern society has to be defined afresh to keep it as a living reality for our masses.

Is Co-operative Farming really "Co-operative"?

As things stand at present, there are many people, both here and abroad, whose definition of co-operation makes it impossible for them to accept co-operative farming as something genuinely "co-operative" in their sense. At least they seem to feel that when co-operation extends to joint farming operations (*i.e.*:—actual cultivation of lands jointly) it ceases to be truly co-operative. One or two good Indian writers have actually quoted Dr. C. R. Fay himself as having stated that "Co-operation does not extend to the act of farming. Co-operative agriculture does not mean collective farming but independently operated farms linked together co-operatively for credit, for supply, for processing, sale of produce etc"* It is of course possible to reply to this by showing that so far as Dr. C.R. Fay is concerned, he has mentioned in a subsequent discussion of the status of collective farming, that "on the whole it seems fair to class it as an advanced form of co-operation"† If collective farming on the Russian model with a State directed production plan and other State controls could be "co-operative" ordinary co-operative farming could be much more so!

The Basic difference in our new objectives should not land us in contradictions.

Co-operators would do well to emphasise in the immediate present the difference in structure and basic objectives between ordinary agricultural co-operation, as we have known in India during the last 40 or 50 years, and co-operative farming. It appears this is not clear to our Planning Commission at least in one important particular. The Planning Commission wants co-operative farming but it also wants to assist and strengthen "the individual peasant" and not to supplant him. This raises the question how far co-operative farming is intended to strengthen the individual peasant and how far it must necessarily supplant him. The objectives of strengthening individualism and organising co-operative farming are contradictory. One of the principal objects of co-operative farming is to stop farmers from being independent in the actual cultivation of their own individual farms. To this extent therefore co-operative farming does aim at supplanting the individual peasant in his most important function of actual cultivation of the land. This is the necessity of our times when the productive system itself as a whole has failed and has endangered the freedom of this country.

Duty of the Co-operative Department to be more Clear in Basic objectives of Co-operative Farming.

This Congress should make the above point very clear, as I find that the Planning Commission is not alone in its own implied interpretation of co-operative farming. I have before me the Leaflet QQ of the Bombay Co-operative Department in which also I find the same difficulty. The official leaflet mentions clearly that a co-operative farming society may take one of the following four forms:—

(*a*) A co-operative better-farming society,

*Quoted by Sri K. C. Ramakrishnan : *Indian Co-operative Review* : April-June 1946, page 141.

†He comes to this conclusion in the 1939 edition of Vol. II, *Co-operation at Home and Abroad*, page 525.

(*b*) A co-operative joint farming society.
(*c*) A co-operative tenant-farming society.
(*d*) A co-operative collective-farming society.

Evidently this classification completely ignores the above mentioned significance of Co-operative Farming for a "Co-operative Better Farming Society" is not meant for joint cultivation of land. It is a society whose aim it is to demonstrate to its members the value of good seed or improved implements etc. The members only bind themselves to use the recommended seed or implements etc., but, beyond this, each member remains quite independent in the actual cultivation of the soil. Those who accept the connotation referred to by me will not look upon a Better Farming Society as a co-operative farming society. Its basic difference compared with the other societies in the same list—where cultivation is carried on jointly by all members and not independently—will make this quite clear. If this is a mistake then, as some feel, the Co-operative Department could have avoided this mistake if some of our committees, commissions, and authorities, which I need not name here, had been more clear about the meaning of co-operative farming.

Technical Vagueness has Confounded and Confused other Thinkers and Writers.

In the face of difficulties of this sort where co-operators themselves are not clear, we cannot possibly blame other important writers and thinkers when they make confusion worse confounded. There are writers like Sri Charan Singh who honestly admit that to them the idea of co-operative farming "is not very clear". These writers take for granted the other extreme view—viz., that co-operative farming necessarily involves a pooling of property and administrative centralisation and they arrive at the conclusion that co-operative farming is nothing short of collectivism which offers "a short tempting cut to centralised control to a future Indian Stalin". I was greatly surprised when at the last Gwalior conference of agricultural economists in November 1951 a leading senior economist of a well known university complained that to him the Five Year Plan's idea of co-operative village management looked like Communism and he even asked the question in what way the two were different. Evidently the Planning Commission's idea of organising co-operative farming voluntarily and particularly the assurance that it has no desire to supplant the individual peasant was lost upon this critic who became nervous about the extremism implied when others felt disgusted about the conservatism planned for.

The Essence of Co-operative Farming.

I have no doubts whatsoever that there can be no co-operative farming without actual cultivation being carried on jointly. The logic of the situation here leaves no doubt of this fact. The number of actual operations of cultivation done jointly and the nature of such operations should be very carefully settled if there is scope for believing that this is not yet settled. To-day we are tempted to look upon a Better Farming Society as a co-operative farming society, even when there is nothing of the true essence of co-operative farming and when the only thing done jointly is supposed to be joint harvesting or joint watching. After all even when there is no co-operative society at all, many operations such as harvesting are done jointly by the farmers with the help of each other. We might as well therefore call our present farming co-operative farming and be quite satisfied without doing anything more.

Practical Difficulties cannot be used for Ideological Mutilations.

The practical question is whether we should give our experiment a national connotation of its own and whittle down the element of joint cultivation on the ground that this suits "conditions as they are in India". The Report of the Indian Delegation on Co operative Farming in Palestine accepts the pooling of all lands as the essence of co-operative farming but it also adds that the exact implications of the term can only be understood in terms of the conditions as they are in India. I only hope we shall not make the same mistakes as others have done in the use of other economic terms, such as Socialism, etc., as pointed out in the beginning of this paper.

Need to Strengthen Psychological Foundations of Joint Effort.

If co operative farming, then, must necessarily mean the giving up of much of his individualism by the peasant, we should actively plan for the psychological change that is required. I am reminded here about the pessimistic note struck by the Co-operative Planning Committee a couple of years ago when it came to the conclusion that the advantages of co-operation in farming have not been demonstrated and that this was an innovation which was disliked by the peasant. Evidently the peasant has to be made to like the change and this takes us to two basic questions—the changes required in the present structural or organisational

aspects of our co-operative farms and, secondly, the degree of compulsion necessary for the change.

How to avoid the conflicts inherent in the dual psychology of joint social work on the basis of individual ownership?

We have to decide how far co-operative farming can succeed on the basis of the present day temptations of private ownership of land and rent in the form of profits. I feel that we are making a serious mistake when in organising co-operative farms we stress the advantage of the member remaining the owner of the lands and getting also profits on the basis of ownership. We do not realise the conflicts of a dual psychology working here. The peasant is permitted to *own* but not allowed to *use* what he owns as he likes. He is expected to work jointly with others but even when he does not work he gets a reward. To make it worse this reward is on the basis of his ownership. This is a standing reminder to him that he can live without doing any work so long as he is an owner and that the more he owns, the more he can afford to live without labour. This particular defect, as also the contagious example of other peasant proprietors in the neighbourhood, have been the cause of the failure of good co operative farms.

The organiser of co operative farms can promise good results to our farmers and he may be sure of getting good results provided everyone on the farm works to the best of his ability. Good results cannot be had from co-operative farms, where members do not toil in a common spirit of comradeship but are divided on the basis of ownership. The rights of ownership should not be emphasised. This necessitates the proper training of a specially appointed set of organisers who should be given full instruction in this work. This also requires a well thought out programme for discouraging private ownership of land. This programme would be an independent subject and merits separate discussion.

Reconsideration of Co operation in the context of the failure of the system of production itself.

The degree of compulsion required in co-operative farming must also be very seriously considered. In pure theory co-operation is essentially individualistic and recognises private ownership of property. However this pure theory was evolved in an age of laissez faire when co-operation was looked at largely from the consumer view point and the evils it was supposed to overcome were different from the problems of to-day. It is not realised that co operation is now entering the field of production as an handmaid to the State in a world where the State is bound to play an ever-increasing part. This basic fact renders necessary a reconsideration of the very foundations of co-operative theory. It would be wrong to mix up the necessities of today with those of yesterday.

The theory of voluntary co-operation based on private ownership, and the great super-structure of consumers' organisations was built up in the past when production was thought of only from the sectional view-point such as the desire to supply credit or other necessities considered in isolation. The idea then was to help the individual producer through the various forms of agricultural co-operation. Production as a whole, carried on by numerous individuals, had not failed. The object of co operation was consequently not to organise production as a whole. Today the situation is different. We are facing the failure of the entire productive system considered as a whole. Our object is as much to help the individual producer as the productive system as a whole. For the latter, we require the best use of land and labour-power, and this cannot be attained on the old basis. If we find for example that the independent farmer working voluntarily on his dwarf farm is a cause of low production, how can we set the evil right except by the abolition of the dwarf farm and as much of its independence as is actually the cause of low production?

As was pointed out at the beginning of this paper we are all agreed that the small farm must go. If however it is to go, we cannot achieve this by the miracle of voluntary co-operation. The time for reforms through voluntary co-operation is now gone for ever. If voluntary effort could not succeed even in the comparatively limited field of co-operative consolidation how can we expect our farmers to take to co-operative farming voluntarily? It is true that when we show concrete results in the form of higher income and productivity, our farmers will come round, but a substantial measure of compulsion now is required to make people understand even their own self-interest.

Partial Compulsion Should not become Meaningless.

The degree of compulsion and the methods required should be the subject of careful inquiry. Partial compulsion has been accepted everywhere in India but this should not mean that two-thirds of the owners owning 50 per cent of the cultivated area should first voluntarily agree to have it as the Planning Commission desires. The recalcitrant element is not expected to be in a minority in such matters. Partial compulsion will have

meaning only when such compulsion is intended to be applied to the majority, if necessary. The Bombay Government's idea in this matter, as used for the suggested consolidation reforms under the Act of 1947, is quite realistic and deserves consideration and development.

State-Help is Inevitable.

There are co-operators who still live in terms of the past and do not desire to have any kind of State help. They may hold on to their views but everyone knows that just as the time for pure voluntary co-operation is now gone, the time when we could afford to ignore the State is also gone. Besides the world situation itself which makes the State so important, there are other considerations in India which have always necessitated the help of the State both in the past and the present. This is too poor and, relatively, too over-populated a country to enable us to fight our problems without the help of the State. We have to build up the conditions for ultimate success of pure co-operation. Co-operation requires social homogeneity, absence of differences in social standing and of individualistic leanings, absence also of narrow party politics, caste prejudice, religious antagonisms, etc. It requires a certain definite stage of development in education, social homogeneity and general politics. A sense of freedom and real advancement beyond caste and religious prejudice are essential. Above all the power of a pure co-operative to increase the economic prosperity of its individual members is necessarily limited by the initial prosperity or poverty of the members. It is utterly futile to ignore these facts and to think of a future only in terms of pure co-operation.

CO-OPERATIVE FARMING AND LAND UTILISATION

By

H. C. SAKSENA,

Research Scholar, University of Rajputana.

Looked at, from every point of view, no truth is more clear in India than the simple fact that the hope of our agriculture lies in joint farming. There is absolutely no other effective solution and there are not many champions even of peasant proprietorship who would deny this truth. There are examples of villages in Europe, where under similar conditions of our own the peasantry has spontaneously taken up large-scale farming of this type. This kind of development is not unknown in India too. It is reported that joint farming societies in Bombay have sprung up without any official prompting and came "purely out of the desire of the people to improve their economic conditions by joint effort." But what are those factors which does not allow co operative farming a successful venture. Let us review them briefly.

One of the main reasons of the backwardness of Indian agriculture and the consequent low economic conditions of the rural masses is the small size of individual agricultural holdings. This fact can be proved and analysed in figures, obtained from different states. The average size of an agricultural holding in India is between 3 to 5 acres. According to the enquiries made at the instance of the Bengal Land Revenue Commission, the average holding in Bengal was ascertained to be about 4.4 acres ; 42.7 per cent of the families having less than 2 acres. In Madras, 74 per cent of the holdings have an average area of not more than 2.4 acres each and the average holding is estimated to be 4.5 acres. In Uttar Pradesh the average size is equal to 6 acres and about 27.3 per cent of the holdings were less than 2.5 acres The result of an investigation made by a Board of Economic Enquiry in the Punjab revealed that the largest number of owners held less than 3 acres. The average size of the holding as estimated by the Famine Enquiry Commission is not more than 10 acres. In Bombay, the average size of the holdings was estimated as 11.7 acres, 49 per cent of which were below 5 acres. In Madhya Pradesh, Assam and Bihar and Orissa, the average size is equal to 7, 2 and 4.5 acres respectively. This can also be noticed when we compare it with the average size of holdings in other countries

U. S. A.	.	145 acres
England	...	20 "
Germany	...	21.5 acres
Denmark	...	40 "
Sweden	...	25 "
India	...	5 "

From the reports received as an answer to the questionnaire issued by the Congress Agrarian Reforms Committee to the different states, it would appear that the tendency is for the small holdings to increase in number. The number of acres per cultivation according to the Census Report of the year 1931 was 4.91 in Madras, 3.12 in Bengal, 3.09 in Bihar and Orissa, 2.96 in Assam and 2.51 in Uttar Pradesh. Since then the ratio of land to men has considerably fallen. Taking into consideration that net area sown and the number of people depending upon agriculture for their livelihood for the years 1941–42, 1945–46 and 1949–50, the ratio will roughly be as under :

(Figures relate to undivided India)

	1941–42	1945–46	1949–50
Net area sown per head ...	1.06	0.99	0.87

N.B. Population dependent on land is taken as 75 per cent.

Apart from the progressive diminution in the size of the agricultural holdings, a more serious handicap is the composition of each holding. Each individual holding is not only very small but is scattered over a wide area in tiny plots and not held in compact, contiguous blocks, which would permit and facilitate for the economic cultivation of land. The land thus represents, a crazy quilt work of disjointed and scattered pieces rather than a well ordered, scientifically laid out pattern of cultivation. It is this fragmentation of holdings, which is greater evil than sub division and which has led to the gradual impoverishment of land and of the peasantry who depend on it. To a certain extent, it can be admitted that the dispersion of the holdings and diversified cultivation have helped the farmer to take advantage of differences of fertility, location and climatic factors. But where the process has gone on very much beyond the stage warranted by these conditions, it has become one of the most serious menaces to a proper and efficient cultivation of land. The expenditure on such a farm bears no proportion to the returns realised. Besides lands are either not fenced at all or if they are fenced lead to a waste of cultivable area. In the aggregate, the proportion of land rendered unproductive by head lands and fences is considerable.

As a result of these conditions, the cost of cultivation is increased not merely by the disproportionately high, overhead charges, but also by the strain caused on the plough team and the time lost in having to take a large number of turns in the smaller field than in the bigger one.

It has been roughly calculated that it takes more than half as long again to plough a one-acre field than it does to plough one acre of a twenty acre field. Apart from this the dwarf holdings and their fragmentation have further acted as a deterrent to capital improvement, damped the cultivators' initiative and enforced a rigidly uniform system of cultivation. They have thus handicapped the farmer both in his production as well as in the sale of his produce. On the production side, the small holder is hampered by having to purchase his requisites at uneconomic prices owing to his weak bargaining power. He is also handicapped by insufficient resources for covering adequately, current consumption and cultivation needs and for effecting capital improvements. His credit requirements, have, therefore, to be bought at a high cost. These difficulties have forced him to pursue an unscientific method of cropping and land management. On the sale side of his business, the smallness of the volume of his produce places him at the middlemans' mercy—at a weak position—while the raising of quality produce for specialised markets which would fetch him a higher return becomes well-nigh impossible. In short, insufficient finance and lack of holding power considerably weaken his producing as well as selling capacity.

Thus the evils of small holdings and fragmentation are so serious that they have been widely felt among all and a large number of people have realised the importance of joint action in agriculture. In this sense, one can say that the first battle of rural reformers against poverty has been won.

Now we can say positively that the small holders' chance of survival as well as prosperity, therefore, lies in some form of associated endeavour to strengthen his production and selling capacity. What particular form this should take would depend on a number of factors such as (a) prevailing system of land holding in the areas (b) the kind of crops grown (c) whether diversified single cropping is pursued (d) whether the farming class of the area is homogeneous in social and economic status (e) the size of the existing and future farming units (f) the degree of technical skill available (g) the incentive given by the local government and above all the degree of co-operative spirit manifest among the farmers. These factors would determine whether a loose association for specific purposes would suffice or whether a much closer union, affecting the whole range of production and marketing is necessary.

The progress of the agricultural industry has to a very large extent been conditioned by the system of land management and use in force. So long as the cultivator's position in the economy is unstable, and the more he produces the more he has to part with, incentives to self-improvement will be lacking. The land reforms in Europe, except in Soviet Union, have aimed at the creation of sizeable peasant holdings by the dismemberment of bigger estates, consolidation of small ones, restrictions on alienations, creation of new undertakings and the extension of area under cultivation mainly by the allocation of lands owned by the State. These reforms have resulted in increasing substantially the percentage of owner-cultivators in the European countries. Even in Great Britain, the classic land of landlordism and big estates, the movement has made a good progress. These reforms have thus helped the abolition of landlordism and at least mitigated its evils to a greater part of Europe. This would explain why there is no agrarian discontent in those countries arising from the exactions of rentier class of landlords, and why no urge is felt for the collectivization of land on the Russian model.

The conditions under which agriculture is carried on in India have already been described. In a country of small holders remedy lies in developing the co-operative form of activity to support individual effort. "*Indian genius and Indian tradition are peculiarly suited to such forms of social and economic activity. The joint family tradition is still strong and the village, as a unit of political administration and of the social and economic life of the community is still the basic organisation for every form of corporate activity.*" Co-operative effort in different lines of farming work had long been in existence before the co-operative societies of the standard type came to be organised. Such forms of mutual aid and the neighbourly collaboration have particularly been noticeable for finishing sowing and harvesting during the short time available before monsoon interrupts work. Sometimes, it is also seen in those areas where for growing an expensive crop like sugar cane a closer degree of joint effort is seen when the farmers agree to pool their resources of land, labour and equipment for limited periods.

Earlier attempts at organising co-operative better farming societies and land improvement societies, aimed at bringing together, agriculturists in a village or a location for the purpose of their common economic needs like credit, purchase of seeds, manures and other agricultural requisites to follow the improved methods of farming etc. The better farming societies, however, valuable their services to farming, can hardly be described an experiment in co-operative farming. No doubt they helped considerably in improving the methods of farming and the practice of cultivation and enabled the farmer, in many cases, to effect economies in purchase and sale, but their activities very rarely touch the actual operations in farming. At least, they can only be described as aids to better farming and do not constitute a new method of land holding and land use. Co-operative farming implies a more advanced stage, wherein the process of cultivation on several farms and the means of production are integrated for effecting economies in cost and for increasing the return from the land by more efficient use of available resources.

There have been few instances of successful co operative ventures in this direction. Such attempts as were made before the war, and indeed up to almost 1945–46, were scattered and inconclusive in their results. In Bombay there were eight joint cultivation societies in 1945–46, of these three at Karda, Bhakatwadi and Padali, can be called co-operative joint farming societies. A new society has been organised in April, 1946 at Kirkaral in Satara District as a co-operative farming society. The society comprises all the families in the village, who contribute an equal amount of labour and each member shares its proceeds equally. (*Co operative Farming in Bombay p–26.*) Besides, experiments were made in Bengal and Madras but with little success.

But the recent development, in the sphere of co-operative farming in the post–war period when the spirit itself is gaining ground to combat so many difficulties, are due to the (1) Settlement of Ex-servicemen, (2) Refugee Rehabilitation, (3) the abolition zamindari, (4) and the grow more food campaign. The attention of the Government, therefore, came to be more directed to the development of a more rational system of cultivation based on co-operative effort. And the Government encouraged multipurpose co–operative societies, to cover a wider field of socio–economic action, than the old single purpose type of societies.

Thus according to the recommendations made by the Policy Committee on Agriculture, Forestry and Fisheries, the Co operative Planning Committee and the Report of the Palestine Delegation, experiments were made on newly relained lands in some of the states. The most noticeable experiment in this direction is the colonisation of the newly reclaimed land in Uttar Pradesh, known as Ganga Khadir comprising an area of 47,000 acres. Each holding is to consist of 10 acres and 100 farms constituting 1,000 acres are taken as a unit for a co-operative society. In other states the reclamation of new land is sought to be organised on co-operative lines. In Bombay, compact blocks of cultivable waste or forest lands will, it has been decided, be given, as far as possible to co-operative societies for better farming.

An experiemental scheme in co-operative joint farming designed " to foster better relationship, between the land owners and the tillers of the soil ", has been launched by the Madras Government in Marudur, a village in Tiruchirapalli district. The scheme consists of leasing of land belonging to private owners to landless labourers through a co-operative agricultural colonisation society which has been formed in the village.

West Bengal has schemes for the creation of model village sites and encouragement of mechanised cultivation by the establishment of co-operative farming. In Madhya Pradesh an area of about 1,200 acres is proposed to be reclaimed and settled among owners who should agree to cultivate their land jointly for at least the first ten years without option to leave the society. The scheme has not yet started working. Another experiment is being worked in Bihand, about 20 miles from Chanda, where arrangements have been made to settle 100 families of displaced persons on about 3,000 acres of land. In Delhi, at the village of Chatrapur, a refugee colony of 35 families of cultivators has been established and about 400 acres of land are to be jointly cultivated. The division of the income is on the principle of " each according to his needs ".

Instances of successful experiments in co operative farming on lands already under occupation are not many. But the most successful attempt made at Mauza-Akola in the Amroati district in Madhya Pradesh appears to be along right lines. The reason being that the multipurpose society has been functioning since 1947 and therefore, it has prepared the background. Besides in Uttar Pradesh two co-operative farming societies have been functioning in the Jhansi district since 1947–48 one in the village of ' Nainwara " and the other in Daruna. The management of cultivation is vested in the Panchayat elected by the general body of the society.

Having surveyed the progress we can say that beyond a few isolated experiments, however, the organisation of co operative farming on a systematic plan has not been taken up by any state, except Bombay. The Bombay Government have drawn up a scheme for the organisation of co-operative farming societies with the object of increasing the yield of the land and securing better return to the cultivators by consolidation of holdings and by adoption of improved farming and marketing methods. Cottage and small scale industries will be organised and subsidiary occupation provided as supplementary sources of income. The scheme is applicable to the whole of the State, but it will be tried in a few selected districts It will be seen from the foregoing analysis that the organisation of joint farming on co-operative lines has not received very much attention, until lately either by the administration or by the public. But last year the draft outline of the five year plan of the Government of India rightly observed that the shortage of food and raw materials is at present the weakest point in the country's economy and that unless the food problem is handled satisfactorily economic conditions in the country will not be stable enough to permit the implementation of the plan. Hence priority is given to agricultural improvements. That the ultimate objective aimed at for rural development is co operative village management, the main features and implications of the plan, is a matter of satisfaction to co-operators. But the immediate programme for achieving increased production, we are afraid, may not lead to the objective aimed at. The one outstanding feature of the report is that the stress is not so much on the achievement of co operative village management, as on the improvement of agricultural production. Co operation is sought to be utilised as one of the alternatives for increasing production and not the sole agency. We are afraid the whole attitude of the commission towards co-operation "is but casual and perfunctory and of a purely utilitarian character." We wish the commission revived its attitude and recommended in its final report the utilisation of the agency of co-operation to the utmost extent possible in all developmental schemes, rural as well as urban, as it is the best organisation that can be readily pressed into service for obtaining best results.

Besides, the Krishnamachari Committee remarks that our food problem is so acute that it requires urgent and immediate

attention. And " that the economic problem is to bring about the largest increase possible in the national income from agriculture, by reduction in the cost of production per unit of *produce through greater efficiency of production." This is the raison-de-toe for Co-operative Farming.* As a result of which a number of states such as Assam, Bihar, Bombay, Punjab, Madras, U. P., Mysore, Pepsu, Travancore and Vindhya Pradesh etc., have made co-operetive development plans according to their local requirements. And centre has also promised to help partly in financing those plans.

But the question is often raised whether co operative farming, in the sense of pooling and working the land in large blocks, is at all possible, or even suitable, under existing conditions, except to a limited extent on the lands newly brought under plough. It is also stated that the advantages of large scale farming by power machinery over that of the small farm have not been conclusively established and that in a densely populated country like India, the evolution of agriculture should be more on the lines of intensive farming of the kind obtaining in China and Japan rather than those of Soviet Russia and United States of America. Because we see that even in Soviet Russia, with all the incentives given for work on the collective farm, the garden plots attached to the household and worked independently by each farmer have generally shown better results in yield. But in India the creation of family size holding with the farmers free to cultivate their holding independently but aggreeing to make their purchase and their sale jointly has, therefore, been held up as a desirable objective of land reform.

Such an objective has a good deal to commend itself especially in view of the difficulties of organising full fledged joint or co-operative farming. But this does not rule out the case for joint farming. If the yeld per acre is the only criterion, the Chinese method of cultivation in relation to their particular land and the people, is praise-worthy. But the return is in-commensurate with the prodigious labour and effort involved in production. As Dudley Stamp describes "Chinese farming is efficient as measuredby yield per acre, terribly wasteful if measured in human effort".

However, the case for co-operative farming does not rest only on these drawbacks of the peasant economy. It has a more positive basis in the definite advantages which accure from such a type of land organisation. To the farmers themselves it gives a better economic security when the land fo different fertility and location go into the common pool, the risks of failure and consequent loss are more widely distributed and no individual farmer is totally ruined. Moreover, the right of ownership and that of inheritence, will remain as it is and it will enable the farm equipment to be more fully employed, as it can be put to diverse use according to the different requirements of each farm plot. Besides it serves as a better adjustment of production to market needs and a valuable agency for the State, and as a social organisation bringing erstwhile individualistic elements into a common fraternity, cannot be discounted.

Our Problems

In organising co-operative farming in our country, different systems will have to be worked out to suit different conditions of soil and climate and socio-economic environment. On new lands, the problems are simpler which account for the fact that most of the experiments in co-operative farming now being attempted are on newly reclaimed lands. But even on such lands, it has been found difficult to organise co-operative farming, unless definite inducements are given to them of eventual individual ownership and hereditary possession, as farmers are reluctant to come together to work on a joint basis. This has been common experience of all the states which have undertaken schemes to introduce co-operative farming. In the colonisation schemes of Tarai and Ganga Khadir, individual cultivation and individual ownership rights have had to be conceded. Besides this individualistic bias of the farmer, another difficulty in the newly settled areas is the distinction of the member to work on the farm himself and consequent difficulty in apportioning profits on the basis of actual work done. But it requires a degree of co-operative spirit because, necessity is the mother of co-operation, and unless there is the will to come together, driven by the urge of the common economic need which we all are facing today, no amount of persuasion will prevail. It is therefore, necessary that an impluse should be created for common action and experience gained in simpler forms of organisation before the more difficult tasks of joint production is attempted An area where a multipurpose society is already functioning with success, will therefore, afford the most fertile field for trying out experiments in co operative farming as the ground would already have been prepared by the desire for joint action already created for other purposes.

Conclusion

It is thus seen that the organisation of agricultural production on co operative lines is an attempt to bring order in the largest field of human endeavour which till now has remained the most disorganised. Its immediate importance lies in the urgent necessity to increase national production for making the country self-sufficient in food and industrial raw materials. As a permanent measure of improvement, it affords the best means of rationalising agriculture and attaining a higher order of social and economic life in keeping with the principles of democracy and self-government. It is therefore, necessary that an experiment of such great national importance should receive top priority among schemes of national development and should be taken in hand immediately. As the potentialities are so vast, and of such great moment to the country's premier industry, it is necessary that the people and the Government should co-operate and combine in order to make a sustained effort to make the pilot ventures a success.

SUPERVISION OF CO-OPERATIVE SOCIETIES IN MADHYA PRADESH

By

R. L. GARGAVA, M.A., B.A., (HONS.),
Asst. Registrar, Co-operative Education, Madhya Pradesh, Nagpur.

In a country like India where there is proverbial illiteracy, and dearth of competent, business-like and straight forward persons to manage the affairs of co-operative societies in rural areas, it is but natural to have external supervising agency to exercise continuous and proper supervision over the co-operative societies. In foreign countries, however, the societies have got their own Local Supervision Committees. These Committees exercise a healthy check by their supervision over the working of the Managing Committees and are, therefore, very useful bodies. From the very early stage of the Co-operative Movement in India the work of supervision was mainly with the officers of the Co-operative Department. Even to-day the Registrar and his staff have to work as friend, philosopher, and guide of the co operative institutions. But majority of the part A States have, by now, evolved a system of supervision by non-official agencies—suited to their local conditions and the stage of development of Co-operative Movement.

According to the recommendations of the Maclagan Committee, formation of unions, known as "Guaranteeing Unions," was introduced in Madhya Pradesh in the year 1915–16. The object of the unions, was to supervise and control the societies in their area of operation. Though in course of time, the number of such unions grew to over 300, their working was very unsatisfactory and hence their registration was cancelled. Later, after having accepted all the recommendations of the Royal Commission on Agriculture on the subject of supervision the State Co-operative Federation appointed a Sub-committee to draw up a scheme to implement the recommendations. The scheme drawn up by the Sub-committee was subsequently accepted by the State Government and formed the basis of Notification No. 1431-589-XIV, dated 18th November, 1930, issued under Section 43(1) of Co-operative Societies Act, 1912, as applied to Madhya Pradesh. The present scheme of supervision of all primary credit societies in the State is governed by this notification.

For the purpose of proper supervision, education and propaganda in the State, there are five divisional institutes located one

each at Nagpur, Jabalpur, Amraoti, Raipur and Harda. The jurisdiction of each institute extends to three to four districts. Barring the Central Banks at Wardha and Balaghat, all Central Banks are affiliated to respective institutes, which in their turn are affiliated to Co-operative Federation—the apex deliberative body in the State. All the agricultural credit societies are affiliated to their respective Central Banks. Each institute has an elected Central Board, consisting of two representatives of Central Banks, two representatives of societies, which are affiliated to the Central Bank, one Registrar's nominee, and institute's President. The Board is responsible for employment and proper control of the entire field staff, attached to Central Banks for education and supervision work. This staff is required to work under the Local supervision committee of the affiliated Central Banks. Each Central Bank has got one local supervision committee, constituted by two representatives of the directors of Central Banks—which directors should not be on the Managing Committee of the banks—one of the Central Banks' representatives on the Institute, Chairman and one of the Honorary Secretaries of the Central Bank, and one Registrar's nominee. The local supervision committee works as agent of the Central Board of the Institute and is mainly devoted to the task of supervision of societies, co-operative propaganda and training. It supervises the work of group officers and field staff of the Institute, located at the headquarters and attached to the Central Banks.

Whenever desired by the Institutes, the services of Senior Circle Auditors are made available to work as Chief Group Officers for efficient organisation and management of the work of Institutes. For each 30 to 40 societies, one group officer is appointed by the Institute or the Central Bank. Minimum qualification for the post of group officer is 4th English Standard. He should be able to read and write local language. Subsequently he is trained in co-operative principles, law and accounts in the training classes conducted by the department for a period of three months. The Registrar has got powers under the above mentioned notification to prescribe any specific test for employment of group officers. In his dealings with the members of the societies, the group officer is expected to maintain patient and sympathetic attitude. His main duty is to improve, guide and teach the societies in efficient management of their affairs. The Registrar has prescribed specific duties for Group Officers for each quarter of the year, as per the agricultural seasons. The Group Officer has to tour 20 days in a month and submit his diary to the local supervision committee. He receives necessary guidance from the Manager and the local supervision committee of the bank.

Except in the case of Berar Institute, Amraoti the Institutes are required to bear the cost of the establishment of field staff of the Group Officers attached with the Central Banks. In Berar, the Central Banks bear the cost of the field staff. To meet the cost of the establishment, the Institutes raise contributions from affiliated banks and societies and get Government grants During the year 1949-50, the Government had sanctioned a grant of Rs. 1.5 lakhs to the Institutes to meet their deficits in the budget etc.

The above scheme of supervision of primary agricultural credit societies, through the Group Officers, the local supervision committee, the Central Bank and the Central Board of an Institute, has worked well since 1931.

Hasty growth of non credit movement. since the start of second world war, has landed societies into many difficulties. There was neither efficient and trained personnel to manage these non credit institutions nor sufficient Government staff to regularly supervise and guide them. The obvious result was mismanagement, defaulcation, loss etc. This unsatisfactory state of affairs of the non-credit institutions was engaging the attention of the Federation since 1946. In the year 1949, the 2nd Provincial Conference of non-credit societies, held at Akola under the presidentship of Diwan Bahadur Kaji, considered this question and appointed a sub committee. The sub-committees of both the 2nd Provincial Conference and the Co-operative Federation jointly discussed and finally drew up a plan, which has been approved by the Federation and the Registrar. The scheme is being put into effect.

As per the scheme, the supervision work of the non-credit societies will be conducted by the institutes in their area of operation. All non-credit societies including the tahsil agricultural associations, in the area of operation of the Central Banks will be affiliated to them. One Instructor of Co-operative Education will be associated with each institute to work as part-time Honorary Secretary to help the institute in execution of the scheme. For each 11 urban societies, including tahsil agricultural associations, urban stores, etc., one Inspector of the grade of Sub-Auditor will be appointed. In the same way for each 25 non credit rural societies including multipurpose, weavers' and industrial societies

one Inspector of the grade of Society Inspectors will be appointed. Thus in all under the scheme, 89 Inspectors are to be appointed for 1,800 non-credit societies. The total annual expenditure on the scheme will be Rs. 1,77,240. To meet the expenditure, the institutes will raise contributions from the societies concerned under the scheme. at double the rates of audit fees. Rs. 20,000 will be collected annually from the apex institutions—Madhya Pradesh Marketing Society Rs. 5,000, the Madhya Pradesh Co-operative Bank Rs. 10,000 and Provincial Weavers' Co-operative Society Rs. 5,000. It is expected to earmark for this purpose an amount of Rs. 20,000 from out of the total Government grants to the Institutes. The duties of the Inspectors will be to have complete supervision over the non-credit societies. Like the Group Officers, these Inspectors will also be attached to respective Central Banks and will work under the instructions of the local supervising committees of the Central Banks. A list of defects of the non-credit societies will be communicated every quarter to respective tahsil agricultural associations, and of the tahsil agricultural association to the Madhya Pradesh Co operative Marketing Society. A list of defects of primary weavers' co-operative societies will be sent to the Provincial Weavers' Society each quarter. These secondary and apex institutions are expected to take necessary action on receipt of the list of defects. The scheme is yet to commence. It is, therefore, not possible to assess its results. It is, however, expected to lead to better and more effective supervision of the non-credit societies.

For execution and supervision of the post-war development schemes of some special types of non-credit societies, there is a separate staff including one Deputy Registrar, two Assistant Registrars, some circle auditors and managers of multipurpose societies.

The supervision work of the credit societies has been satisfactory. At present no changes are anticipated. It is, however, necessary to strengthen the financial aspect of the scheme by larger annual grants from the Government to the Institutes, so that better and well paid staff could be engaged and maintained. Further the number of societies in charge of the Group Officer could be reduced to somewhere between 20 to 25 to make the supervision more regular, detailed and effective. So long as there is absence of competent members in the societies for their internal supervision work, outside agency is absolutely necessary.

Being in close contact with the credit societies, Central Banks are the best agency for supervision. But they should execute their job judiciously and impartially so that their interests do not invariably and necessarily preponderate over the interests of the societies. The departmental staff does not interfere in the work of the Central Banks but guide them whenever necessary. Since the movement is in the process of development, with the active and sympathetic support of the Government, wedded to the establishment of Co-operative Commonwealth, it is all the more necessary to strengthen the existing agency for better and efficient supervision.

CALIFORNIA FRUIT GROWERS' EXCHANGE, U.S.A.

(BASED ON FARM CREDIT ADMINISTRATION CIRCULAR C-135, MAY 1950)

BY

PROF. K. R. KULKARNI, M.A.

Early History

The beginning of organised marketing amongst citrus fruit growers took the form of local associations. These were organised because growers of citrus fruits were not satisfied with the system of selling then in vogue. In the words of the General Manager of the Exchange, the situation was summed up as under :—

"The fruit was a semi-luxury. The markets were a long distance away. Facilities for transportation were not well-developed and for several years, the industry did not receive the cost of handling the business. The local association was formed by the citrus fruit growers, but the attempt did not prove adequate to meet the situation. This resulted later in the formation of central agencies. Various plans were tried with a view to bring about the working relations between private and co-operative interests. This too did not prove successful and broke up. The Exchange was incorporated in the year 1905.

Position of Locals in the Exchange System

The exchange system is a federation built up from local associations. By 1948, there were 15,000 citrus fruit growers affiliated to the Exchange. These growers are members of 200 local associations which are packing units, the membership of which ranges from 40 to 200 in each unit. The object of each unit is to assemble, grade and pack the fruits and load the same into cars for the purpose of marketing on non-profit basis. According to a survey conducted in the year 1940, 78 per cent of the associations which then numbered 153 were not incorporated under the Co-operative Marketing Law of California enacted in the year 1923, but registered under the general business statute of California. Local associations in Arizona were registered under the Co-operative Marketing Act of that State. The local associations are the foundation of the whole system. Membership of the association is confined to bonafide growers of citrus fruits who bind themselves by a contract entered into in favour of the association, the chief provisions of which relate to delivery and pooling of fruits, deductions from sale proceeds of amount sufficient to cover all ordinary expenses, creation and maintenance of reserve etc.

The Management of a Local Association

The affairs of a local association are entrusted to a board of directors consisting of from 5 to 9 persons. Amongst the directors are a President and a Vice-President who are assisted by a Secretary and a Treasurer. The directors appoint the manager and other salaried officers and the manager also acts as the Secretary. The treasurer may be an individual or even an institution. Growers of citrus fruits control the associations through the exercise of their right to vote. The policy in regard to voting power of an individual member varies with different associations. One man one vote is followed in about 23 per cent, of the associations while many associations base the number of votes per number of such factors as shares of capital stock held, amount of patronage as measured by the boxes of fruits delivered during the previous season, size of the member's grove as measured by acreage or number of citrus fruit trees.

The directors meet once or twice a month for the conduct of the business of the association as may be found necessary.

Funds of the Association

The packing of the fruits involves a considerable financial outlay in land, buildings, machinery and equipment. In addition to the funds required for operations, various methods are employed to obtain the funds both for capital and operational requirements. According to a survey report for the year 1940, nearly 80 per cent of the associations used the revolving capital plan. According to this plan, the association deducts a specific amount, say a few cents, not exceeding 10 per each packed box of an individual member from the sale proceeds due to each member for citrus fruit handled. This particular amount is deducted for capital purpose in addition to the amounts deducted for marketing services or marketing research. When the acçumulated funds are considered sufficient by the board of directors, the amounts deducted during later years or current accumulations are used to pay back to the members from whom amounts are obtained during the earlier years for which such capital amounts are outstanding. Thus the membership capital revolves and active members at all times finance and control the association. Those who have stopped giving patronage to the

association are entitled to get back the amounts due to them in the shape of capital investments. The local associations that do not employ the revolving fund plan are formed with capital stock. A certain number of shares is issued to each member for each acre of citrus fruits he owns and one share may be issued for each 10, 20 or other number of trees owned. A few associations having neither capital stock nor a revolving fund obtain capital by means of membership fees which are evidenced by membership certificates and by accumulation of reserves. Reserves are accumulated by with-holding a portion of the proceeds of fruit sales in accordance with the provisions of the bye-laws or members' contract. The interest of each individual member in such reserves is represented by a book credit.

Method of doing business by a Local Association

The fruit is packed by expert crews appointed by the local association. All packers must wear gloves and special clippers are used to cut the fruit from the tree. Packers are paid on a box basis. The fruit is then transported to packing houses by motor truck-in boxes. Packing units are responsible for grading and packing the fruit and for loading cars for shipment. The fruit is put through a number of operations before being loaded, such as washing, drying, sizing, packing and storing. The packing unit also maintains its own trade marks or brands to enable the trade to identify the quality of the fruit from different locations and units. When a local brand is listed as 'Sunkist', the Sunkist trade mark is used on the label design of the packing unit and the fruit packed under this brand must comply with the Sunkist specifications and in the case of oranges should be stamped with a Sunkist trade mark.

Citrus fruit is packed and sold by size. The principal sizes for oranges are 80, 100, 126, 150 etc. per box. For grape fruit 48, 54, 64, 70, 80 and for lemons 180, 210, 252, 300, 360 etc., boxes. The fruits must be in a standard package under the provisions of of the Standard Containers Act of California. Citrus fruit packers are paid on a piece rate basis and one operator can pack from 50 to 75 boxes of average size oranges or from 40 to 50 boxes of lemons in a day. The packing operation requires great care and packers must wear gloves to prevent finger nail injury to the fruit. After each box of fruit is packed, the packer places an identification mark on the box which enables maintenance of a record of the boxes packed by each packer. From the packer the box travels to the box lidding machine and from there it is loaded into refrigerator cars for shipment to the market. A number of local packing units maintain cooling arrangements and packed oranges are pre-cooled before shipping. Each member packing unit is required to enter into a marketing agreement with a district Exchange and the Central Exchange of the federation. The district Exchange acts as an agent for the local packing unit in selling the fruits of its members and must make such sale through the Central Exchange. The Central Exchange is given the authority to retain from sale proceeds sufficient sums to cover all charges and expenses as may be prescribed by the board of directors of the Exchange and the district exchanges incident to their respective services. Liquidated damages of 25 cents per box are payable to the Exchange in the event either the member unit or the district exchange fails to deliver citrus fruit in accordance with the terms of the agreement. The agreement continues to be in force until terminated by any of the three contracting parties by giving proper previous notice. Under the system of pooling, the growers' fruit loses its identity once it is received and graded by the local packing unit. The fruit shipped by each local unit is kept in separate pools which run for definite periods usually for 30 days. Each shipper receives the same price for his fruit of the same grade in the same pool. This system makes it not only unnecessary to preserve the identity of each grower's fruit until it is sold, but it also equalizes market fluctuations. Without a pooling system, the grower whose fruit is sold in a poor market would receive a low price while another grower who was unfortunate enough to own the fruit which was sold in better market would receive higher price not because of any superior quality of fruit grown or any skill employed by him, but simply because his fruit struck a better market. Thus the equity of the pooling system is evident in as much as it spreads evenly the risks amongst all the contributors to the pool acting as a sort of insurance.

The District Exchanges

The District Exchanges are incorporated associations of the representatives of from 1 to 27 local packing units and occupy a highly responsible position between the packing unit whose members grow the fruit and the Central Exchange which co-ordinates the activities of the exchange system. 25 district exchanges are located in California and one in Arizona. Each district exchange serves a production area. A long established policy has been to require not less than 3 separate packing units with an aggregate shipment volume of not less than 2,000 cars before forming a new district exchange. The board of district exchange is representative of packing units affiliated to it and each packing unit is entitled to one vote only though the federations are allowed on a share basis and on the basis of packed boxes sold through the district exchanges. The directors of the district exchanges elect officers like a manager or an assistant manager. They also elect a representative who may be a director or the manager to represent the district exchange at the meetings of the California Central Exchange. This representative is elected as a member of the board of the Central Exchange. The capital required by a district exchange is very small and nearly 1/3rd of the exchanges owned nothing except furniture and fixtures. 40 per cent of the district exchanges were capital stock associations and their stock was evidence of membership represented by reserves, book credits and certificates of ownerships. A few of the district exchanges used the revolving capital plan of financing, but the association came to only a small fraction of a cent per box. Under the marketing agreement each local association reserves for itself the right to determine to what market it shall ship, where its fruit shall be sold and the price it is willing to receive. Generally, each association delegates the reserved right to the district exchange which in its turn delegates this power to the Central Exchange.

The Central Exchange

The 26 district exchanges are the members of the Central Exchange and constitute the Board of Directors of the Central Exchange. Headquarters of the Exchange are located in the Sunkist building in Los Angeles. The Board of Directors had 16 sub-commitees, advisory, advertising, auditing, field service, pest control, traffic etc., and the Board carries on its detailed study of the various activities and through various sub-committees is being helped also in giving continuity to its policies. The Board meets on the 1st and 3rd Wednesday of each month in the assembly room in the Sunkist building and the meetings are open to all members. All matters of major importance are discussed in open Board meetings. The directors elect the officers of the Exchange. The officers are President, 3 Vice-Presidents, Secretary, general manager, assistant general manager and the cashier. At the meetings of the board of directors each director has one vote except in cases where this rule of one man one vote is modified. Provisions exist in the Exchange–District Exchange association agreement–for convening a Board of Representatives whose acts are binding upon the Board of Directors, under specified conditions: The Board of representatives consists of one representative of each district exchange and meets upon the request of two or more members of the Board of Directors of the Exchange. It has authority on all matters excepting those relating to the marketing or allocations or to establishing and operating pools. The Central Exchange obtains funds required for operating expenses by means of assessments for each packed box sold through it. Assessment rates for 1948-49 season ending 28th October were as under:—

10 cents for marketing; 7 cents for advertising; 2 cents for stock revolving fund of Exchange Orange Products Co.; 4 cents for the stock revolving fund of the Fruit Growers' Supply Co.

For grape fruit and for bye-products of oranges and grape fruit similar assessments are levied but slightly different from those mentioned above. These assessments are subject to adjustments in the event of change in basic factors and the assets of the Exchange have been built up by means of assessments. The Central Exchange undertakes many activities such as marketing, advertising, standardization of grades, research, processing of citrus fruit, transportation and supply of requisites to growers. The key note of the sales policy followed by the Exchange has been the equitable distribution of supplies of citrus fruits. It gathers information on crop conditions and supply from shippers and various agencies, compiles such data and transmits it to its various sales offices. These sales offices keep the exchange sales department informed regarding market conditions. This office in turn advises the district exchanges about sales conditions and outlook in consuming markets. Since speed is essential in transmitting this information, radio, teletype, air mail, cables, telephone and telegraph are employed to assemble and disseminate information. The work of the Exchange is greatly facilitated and helped through the organisation of 3 other subsidiary organisations viz., the Fruit Growers' Supply Co., the Exchange Orange Products Co., and the Exchange Lemon Products Co. The Supply Co., though an integral part of the system, is not a department of the Exchange, but it is a separate association formed by the packing units that are affiliated to the California Fruit Growers' Exchange. The two organisations, though distinct, are closely related. Both the organisations have the same President and the 2nd Vice-President. At least 95 per cent of the packing units affiliated to the Exchange are stockholders of the Supply Company. The main function of the Supply

Company is to supply to local associations many kinds of supplies required for their business, such as box shook, tissue wraps, labels and paste, nails, box strappings, picking boxes, clippers, gloves and fruit cleaning compounds etc. These supplies are necessary to maintain a citrus grove in good condition, to protect it against both pests and damage from frost and to prepare the fruit in form for marketing. The Board of Directors of the Supply Co. had six small sub committees for purposes such as advisory, operating, auditing, fertilisers etc. Each packing unit is required upon being a stock-holder to sign a revolving fund agreement under which it agrees to a deduction of 4 cents per each packed box from the proceeds of the fruits sold through the district exchanges.

For the puspose of manufacturing bye-products from surplus oranges, the present Exchange Orange Products Co. was started with 15,000 dollars as authorised capital mostly subscribed by the local packing units. Since all local units were not stock-holders, the outstanding stock was purchased by the Fruit Growers' Exchange in the year 1931 in order to make available the services of the Co. to all local packing units. Thus the Co. is a subsidiary of the Exchange. The personnel of the Board of Directors of the Orange Products Co. is the same as that of the Exchange. An executing operating committee of directors is managing the affairs of the Co. which employs 350 to 650 employees for its work. There are five main departments, namely the plant operating department, the organising department, the accounting department, laboratory and the purchasing department. Oranges are sent to the Co, for processing and funds from sale of products in excess of operating expenses are returned to packing units for refund to growers.

The Exchange Lemon Products Co. is an essential part of the exchange system and all the local packing units were its stockholders by the year 1931. This organisation is a distinct one from the Exchange. Its main function is the production of lemon juice products. The Co. is conducted by a Board of Directors elected by the stock-holders. 17 of the Directors represent the lemon producing districts and one is the Lemon Sales Manager of the Exchange. Local units handling lemons agree as a means of paying for stock to a deduction of 4 cents per packed box of lemons from the sale proceeds due to them. Half of the deduction is for the purchase of new stock and the remainder is placed in a fund to be used for the purpose of revolving the capital.

THE HON'BLE V. RAMADAS PANTULU

By

K. C. RAMAKRISHNAN AND CH. D. PRASADA RAO.

Sri Vemavarapu Ramadas Pantulu was born at Vemavaram, a tiny village in Kistna district of Madras in October 1873. He was adopted by his childless paternal uncle while he was a bare boy of nine months and brought up by him. He received his secondary education at the Municipal High School in Bezwada. He lost his adoptive father at the age of twelve; he was already married by that time! He prosecuted his collegiate studies at the Madras Christian College and the Madras Law College. Immediately after studies, he returned to his native district and set up practice in the Courts at Masulipatam, the Headquarters of Kistna district —the biggest revenue district in Madras. Even while he was young, he interested himself in public activities; he edited the *Krishna Pathrika*, a high class political weekly in Telugu at Masulipatam, from 1905 to 1908. In the year 1908 he was on the brink of being prosecuted for articles published in that Journal.

The Madras Estates Land Act was passed in the year 1908. This created immense litigation in the district, more than half of which related to zamindari tenure. Disputes arose in thousand between zamindars and their tenants and in them Sri Pantulu uniformly took up the side of the tenants. His vast experience in this behalf had two results. The first was that he incorporated his unique experience of the cases in a bulky volume, which was a commentary on the Estates Land Act. The second was that the cases he had taken up in the district and sub-courts went in appeal to the High Court, where his continued advocacy was naturally desired by his clients and this opened out to him a richer opportunity for the exercise of his forensic talent. Not quite content with life and environment at Masulipatam, though he had carved out an enviable place for himself in the local bar, Sri Ramadas Pantulu shifted to Madras in 1911 and was enrolled as an advocate of the High Court by Sri T. Prakasam.

His breadth of outlook, shrewd knowledge of men and affairs, sense of humour and last but not least, his appreciation of human frailties endeared him to the rich and the poor alike both in his profession and the public. He rapidly rose to eminence in his profession, particularly in the sphere of Estate Law. With his quick wit and power of repartee and, much more his capacity to think while on his legs, it is no wonder that he was elected as

HON'BLE V. RAMADAS PANTULU
(October 1873 to March 1944)

a member of the Madras Bar Council. He served as a member of the Faculty of Law and Board of Studies in Law of the Madras University and as an examiner for the M. L. degree examination.

Even in the earlier years of his stay at Madras, his activities were not confined to the legal profession but spread outside. He was elected to the Senate and the Academic Council of the Madras University and he served as Chairman of the Board of Studies in Telugu of the Madras University. He was the Vice-President of the Madras Mahajana Sabha, a very old political organisation. In politics, though he was looked upon as a moderate, for he did not associate himself wholly with the Home-Rule or Non-Co-operation Movements, his interest in the Congress dates back to the days of *Vande Mataram* and had been both intense and sustained. He was President of the Andhra Swarajya Party and a member of the All-India Congress Committee and the General Council of the All India Swarajya Party, which were all formed in 1923. He gave evidence before the Civil Disobedience Committee in 1922, which bore testimony to the shrewd practical sense with which he advocated a prompt return to parliamentary activities. In the year 1926 he was elected for the first time as a Congress candidate to the Council of States and served as a member of that Council till 1929, when he resigned it in accordance with Congress behests. He was reelected in 1934 and was the leader of the Congress Party in the Council till the time of his demise.

The one problem that used to engage his attention constantly —perhaps due to the intimate association he had had with the agriculturists while in the pursuit of his profession and as a Congress worker—was the miserable plight of the agriculturist, groaning under the twin loads of poverty and indebtedness which denied any solution. He saw that agriculture was but a gamble against seasonal rains and the agriculturist borrowed not because he could —as Sir M.Darling asserted—but because he must, and that he was born in debt, lived in debt and bequeathed debt. It was probably this mental struggle for a solution of rural indebtedness and a love of service to fellow-beings, particularly agriculturists, that turned his attention to the co-operative movement and inspired him to plunge headlong into it even to the detriment of an enviably lucrative practice.

In 1926 he was elected President of the Madras Provincial (now State) Co-operative Union and Vice-President of the Madras Central Urban Bank (now Madras State Co-operative Bank) almost simultaneously and later was raised to the position of the President of this Apex Bank. His deep study of the co-operative system, mastery of its principles, his undying faith in their applicability to Indian conditions and unbounded enthusiasm for rural reconstruction soon won for him an abiding place in the hearts of the co-operators of the Province. It is no exaggeration to say that the history of the co-operative movement in Madras State, to some extent even the whole country, from the year 1926 to 1941 is but an account of his individual and personal activities. Perhaps there are few co-operative institutions of any importance in India, especially in the Madras State, which he had not visited, studied the working on the spot and tendered advice. Immediately on election to the office of the President of the Madras Provincial Co operative Union, he went on an extensive tour along with some members of the Governing Body of the Union to acquaint himself, first hand with co operative problems in rural areas. He was able to persuade the Madras Central Urban Bank to vote to the Madras Provincial Co-operative Union a liberal grant to enable it to discharge efficiently its duties of propaganda and education of members of primary societies on a province-wide scale. This grant by the Bank to the Union continues to be paid year after year. In the year 1927, the Madras Government appointed a Committee (Townsend Committee), to enquire into the working of the co-operative movement in the Province; on this he served as a member. His minute of dissent to the majority report exhibits the anxiety he had to save the democratic character of the movement, which was sought to be curbed by taking away the power of supervision of member-societies from the central banks which financed them. As a member of the Special Committee appointed by the Provincial Conference in 1927 for the establishment of a co-operative central land mortgage bank in Madras, he did yeoman service.

In March 1928, Sri Ramadas Pantulu, as President of the Madras Provincial Co-operative Union, addressed a communication to all the Provincial Institutes or Unions setting forth the need for an All-India Conference of the representatives of the Provincial Unions or Institutes to meet periodically to discuss and solve the many outstanding problems relating to the movement. He further expressed a fear that without such an organization India could not take her rightful place in the International Co-operative Movement and that India would be left miles behind in the world's march towards the goal of Co-operative Commonwealth. The

proposal was welcomed and as many as nine Provincial Institutes responded and sent about 25 delegates to the first All-India Provincial Co-operative Institutes' Conference held at Simla in September, 1928, under the Presidency of Sir Lalubhai Samaldas Mehta. The Conference constituted a Committee of five with Hon'ble Pantulu as Chairman, to draft a scheme for the constitution of the All–India Co-operative Institutes' Association. The draft constitution was circulated to all the Provincial Co-operative Institutes or Unions whose opinions and suggestions were considered at the All-India Co-operative Conference held at Bombay in September, 1929, whereat Sri Pantulu was elected one of the two Vice-Presidents of the Association. He continued to be its Vice-President till June 1934, when he was elected President of the Association at the third All-India Co-operative Conference held at Amraoti.

At the time the first All-India Co-operative Institutes' Conference met at Simla in September 1928, Sri Pantulu was invited to preside over the Second Indian Provincial Co-operative Banks' Conference which also was convened to meet at Simla. Introducing the Hon'ble Sri Pantulu, Sri Lalubhai Samaldas, President of the Indian Provincial Co-operative Banks' Association, said that the services of the Hon'ble Pantulu to the co-operative movement were so well-known both in connection with the Reserve Bank Bill and in connection with sponsoring the propositions in regard to mortgage banks in the legislature that he needed no introduction from him. As President of the Conference, he became the President of the Association as well, as per the constitution, and he was re-elected to that office until his demise on 16th March 1944. As President of the Banks' Association he had to fight many a battle to wrench as many concessions as possible from the authorities for the co-operative banks. Notable among them were his services on the Joint Select Committee of the Central Legislature, appointed to examine the provisions of the Reserve Bank of India Act, with particular reference to safeguarding the interests of the co-operative banks and his arguments before the Board of Revenue to secure valuable concessions for co-operative banks in the matter of assessment of income and super taxes.

It is difficult to single out the most conspicuous among the numerous services rendered by him to the co operative movement. Yet his services to the movement as a member of the Indian Central Banking Inquiry Committee, constituted in July 1929, stands out. He was able to persuade his colleagues on the

Committee to accept the view that the co-operative bank was the credit agency most suited for providing the credit needs of large sections of the community such as peasant proprietors, artisans, petty tradesmen and small wage-earners. This shows the ability and single-mindedness with which he pleaded the cause of the movement almost single handed. Few perhaps knew that he was the author of the first 200 pages of the Report of the Committee (1931) relating to rural credit until it was revealed by Dr. B. Pattabhi Seetharamayya unveiling his portrait in the premises of the South India Co-operative Insurance Society in January 1942. He was offered a title (impliedly a knighthood) by the member of the Government of India for Banking, Sir B. N. Mitra (who had been himself the Chairman of the Central Banking Inquiry Committee) for his arduous and inestimable services as a member of that Committee. Sri Ramadas declined with thanks for the reason that he was a Congressman and the Congress had banned acceptance of titles and himself shunned limelight.

He was appointed in 1929 a member of the Governing Body of the Imperial Council of Agricultural Research. He served also on the Governing Body of the Indian Research Fund Association and the Indian Central Cotton Committee.

From 1929 his services were in great demand outside the home province to preside over provincial co-operative conferences etc., and he had to be constantly on tour either for legislative or for co-operative work, and thus he kept himself in close touch with the working of the movement in different parts of the country. He had established contacts with workers all over the country and maintained these contacts by correspondence and by personal interviews when he happened to go round the country. As head of the two premier All-India Co-operative Organisations, he was obliged to keep himself in constant touch with the movement in the whole country and possessed perhaps unrivalled knowledge of its needs and problems. In his knowledge of the theory and practice of the movement he was probably without a peer. His authoritative opinion and advice on all matters that ordinarily defied any solution was sought and obtained by all those who had anything to do with the movement—official as well as non-official. As a result he could pay but scant attention to his legal profession.

Closely following the example of Bombay, he laboured hard to organize the South India Co-operative Life Insurance Society for over a year before its registration in January 1932. He was the founder President of the Society and continued to guide it in that capacity for well nigh a decade until he resigned it in August 1941. The present prosperous condition of the Society is due to the strong foundations laid by him and the personal influence exerted by him.

For the first time in the history of the Co-operative Movement in India, Hon'ble Sri Pantulu was sent as a delegate to the International Co-operative Congress held at London in September 1934. The prominent part he had taken in the deliberations at the Congress won for him a seat on the Central Committee of that august organization, the International Co-operative Alliance. He was the first co-operator in India to attain such distinction. He was reelected to that position in 1937 at the Paris Congress and he retained it till his demise. On his way back from London in 1934, he toured over the Continent and studied the working of the movement at close range. Immediately after returning to India he attended the 11th Registrars' Conference held in December 1934 at Delhi. As the representative of the two All-India Associations he attended the Registrars' Conferences held in 1936 & 1939.

Though it had been resolved to publish a Co-operative Journal under the auspices of the All-India Co-operative Institutes' Association, no definite steps were taken until December 1934 when at the Standing Committee meeting held at Calcutta it was decided to start a quarterly journal and Sri Pantulu was requested to shoulder the responsibility of editing and publishing it. To discharge this onerous duty, Sri Pantulu had to keep his knowledge of the movement both at home and abroad and in all its phases uptodate. He shouldered the burden inspite of declning heath and nourished the Review to the very end of his life.

Sri Pantulu was appointed a member of the Committee on Co-operation in Madras, in 1939, and his services in that capacity must be still green in the memory of those who had anything to do with it. He was appointed a member of the Committee of Experts by the Government of Bihar to recommend steps to be taken for the Rehabilitation of the Co-operative Movement in Bihar and he was elected Chairman of that Committee at its first meeting held in September 1939.

At the Standing Committees' meeting of the All-India Associations held at Bombay in January 1941—his presidential address at which provoked considerable comment both from within and outside the movement—he had undertaken the responsibility of editing and publishing a Year-Book and Directory of Indian Co-operation. Unfortunately on his way back to Madras, he suddenly took ill in train, from the effects of which he did not recover fully. But he did not despair. He was at work on it, immediately he was slightly better. He made his bedroom his office and his bed his chair. He toiled day and night and finally brought out the publication in 1942.

Sri Pantulu was responsible for getting on the Statute Book the Multi-Unit Co-operative Societies Act—Act VI of 1942—providing for the incorporation, regulation and winding up of co-operative societies with objects not confined to one province.

In April 1943, at the Standing Committees' Meeting, held at his residence in Madras to suit his convenience, he declared "Before I conclude I desire to convey to you a personal desire of mine. I am anxious that the tradition of co-operative activities, which are associated for the last two decades with this hall, in which we have met to-day, should not terminate with my life. The *Indian Co-operative Review* had its birth here a little over eight years ago. Nothing can give me greater satisfaction than the thought that this work will continue to be carried on in this hall, which I now dedicate to the Indian Co-operative Movement, with a request to you as representatives of the Movement to accept this small gift as an humble token of my love for the Movement. Such library as I have, which is not on view here today, goes with it. As soon as convenient, I shall execute a trust deed to clothe the gift with legal validity. I do so in the hope that this hall will be a true temple of Co-operation, into the portals of which class antagonism, sectarianism, communalism, party spirit and factious strife shall have no entry. Let us convert every one of our co-operative institutions into a temple of Akbar's dream and instal Co-operation in it:

> "A temple, neither Pagoda, Mosque nor Church,
> But loftier, simpler, always open door'd
> To every breath from Heaven, and Truth and Peace
> And Love and Justice came and dwelt therein."

Sri Pantulu's public activities were not confined to the co-operative movement. He was President of the Andhra Provincial Board of the Harijan Sevak Sangh; Chairman of the Rural Finance and Marketing Sub-Committee of the National Planning Committee, and Vice-President of the Madras Economic Association. He was also a member of the Court of the Delhi University for a number of years.

This is a bare skeleton of the career and achievements of Sri Pantulu who had a well filled life extending over the psalmist's span of three score and ten and an additional year over it. He had an intellect radiant as his own face and his winning personality and easy eloquence added grace and strength to his arguments in debate and his exposition of thought. His grasp was quick and his mind was sharp as a needle point. To these he added a retentive memory and an ever growing depth of information so that on all important and interesting topics of the day he carried a ready made brief in the recesses of his brain. He was much sought after by the student world and the intellectual circles of his age. He was well up in the religious lore of our land and felt at ease in handling subjects relating to religion and philosophy. He had an abiding interest in Telugu literature and was quite familiar with the different phases of its growth. Born with a silver spoon in his mouth and brought up with a golden cup in his hand he displayed the dual features,—perhaps somewhat contradictory, of taking life easily on the one hand and putting it to enormous strain on the other. In other words, work was no worry to him for he knew not what worry was. He was able to attend to more that one thing at a time and in the midst of illnesses at home which he said, it was a doctor's business to look after, he attended courts and discharged his duties in a spirit of detachment and utter tranquillity.

He was generous hearted and certainly had no element of self-righteousness in him. He had a fund of originality both in thought and action, some evidence of which could he found in the number of addresses he delivered. His persistent demand for freedom from the official control of the movement can be seen from the following extract of his article on "Co-operative Movement in India" (1942):

> "I have always felt that the Co-operative Societies Acts in force in British India and Indian States were framed with the Registrar as centre of the picture and not the society. They should be redrafted on an entirely different basis. The society has to be made the centre of the picture. The Registrar's powers should be closely defined so as to preserve the essentially democratic and popular character of the movement. As matters stand at present, the responsibility for the management of the co-operative institutions and the conduct of the movement is on non-official shoulders. The power of control and direction is, however, in official hands.

As has been observed in regard to several spheres of administration, it is our common experience that in any department of administration, power without responsibility has a way of growing till the line of demarcation between use and abuse becomes almost obliterated. This state of things must be ended in respect of the co-operative movement and the sooner it is done the better. If the provincial governments are really anxious to allow the co-operative movement to play its proper role in the economic organisation of the rural and urban classes, they have a special responsibility in regard to the reform of the legislative and administrative machinery which now imposes heavy shackles on the movement.

The advocacy for more and more spoon feeding and larger and larger doses of official control is based on the plea that the members of our societies are lacking in character and capacity to manage their own affairs. I repudiate this charge as utterly baseless without at the same time, attempting to minimise the failings or hesitating to own up the faults of non-official co-operators. No Registrar can play the role of a philosopher, friend and guide of the movement without having faith in human nature and belief in the character of the average co-operator and his capacity to manage the affairs of his society. So much depends upon the proper choice of the Registrars also to administer the Acts."

REVIEWS

REVIEW OF THE CO-OPERATIVE MOVEMENT IN INDIA 1948–50 (The Reserve Bank of India, Bombay, 1952) pp. 226.

This is the fourth Review of the Co-operative Movement in India by the Reserve Bank of India and deals with the progress of the Movement in the various States during the years 1948–50. During this period the Movement, especially in the two border States–Punjab (I) and West Bengal—has been able to reestablish itself and in the other States which have just come into existence, due to merger of former princes' States, the Movement had to make efforts to adjust the various differing structures and evolve a common, uniform structure throughout the State, while in others the Movement has been able to show some positive progress. Co-operation, too, has been embracing new lines of activity e. g., the rehabilitation of displaced persons, grow more food schemes, etc.

A welcome feature of the Review is that it deals with all the States in detail without confining itself largely to Madras and Bombay, as the previous Reviews did. The Review is entirely descriptive; there are few criticisms and general comments and too few suggestions. Further we are warned in the Foreword that the general comments expressed here and there in this Review do not necessarily represent the views of the Reserve Bank. The Review serves more as an explanatory appendix to the Statistical Statements Relating to the Co-operative Movement in India and would be more valuable if published as such annually.

The agricultural credit societies numbering 116.58 thousands at the end of 1949-50 constituted 68.68 per cent of the total number of societies in the country, while non-agricultural credit societies numbered only 7.58 thousand. The rural credit societies are taking up multipurpose activities in an increasing number of the States, in an increasing measure. The reviewer feels that "the multipurpose idea at the primary level appears to have come to stay." Though the rural credit societies in all the States do seem to have come in for reorganisation on multipurpose basis, the actual working of these reorganised societies reveals that they are dealing mostly in controlled commodities for which there is immediate demand and preference in supply. They have not taken appreciably to other activities which fall in their legitimate field. How far they can maintain even this distributive side of their business when once controls are removed is also a big question. This problem does not seem to have attracted the attention of the author.

The central banks, the number of which has slightly increased during this period, continued to show good progress but, as the Review points out, their share capital structure continues to be weak. The increase in the volume of transations of the central banks is due mostly to financing of procurement and distribution of foodgrains, cloth etc.,—also inflation—and so is only a temporary spurt in their activities. While the Reserve Bank deplores the central banks' taking up commercial banking activities, we find the central banks continuing the distribution activites. The detailed opinions of the Reserve Bank on the extension of the multipurpose principle to the federal level which have been given in 5 or 6 lines on p. 186 would have been highly useful to co-operators at this juncture.

The Agricultural Credit Department of the Reserve Bank, staffed by experts both in the academic line and the practial field, is deemed to be in a position to give expert advice to State and Union Governments and others interested in agricultural credit. The Reserve Bank is also in a unique position, with regard to the study of the development and progress of the Movement throughout the country and the experts being in touch with problems and experiences of the co-operators all over the country can be expected to give constructive criticism and suggest sound lines for future development. It is gratifying to note that "the Reserve Bank have taken particular interest in the organisation of apex banks in these (new) areas" (p.48). But we are constrained to find that quite recently some provincial banks have also been started "whose very constitution has been designed to allow them to function as semi-trading co-operatives..." (p.34). It is not clear whether this was done according to or inspite of the advice of the Reserve Bank.

The working methods and policies of the co-operative land mortgage banks in the various States also, do not seem to be uniform. It is stated that some land mortgage banks have been "permitted by the Government to provide finance for housing societies during 1949-50" (p.55) and some others give "short term loans" "to those borrowers who have been granted long term loans."

In an elaborate and well edited chapter on Co-operation as an aid to Production, the Reserve Bank recognised that "Co-operation *has been made to play* a fairly important role " therein. This chapter which details the role that Co-operation has been made to play in the various States in campaigns like 'Gorw More Food,' 'Eat More Fish,' etc., is very informative.

The chapters on Co-operative Marketing, Consumers' Co-operation, Co-operative Housing and other forms of Co-operation give information regarding the various activities in the diffrent States and afford a bird's eye view of the multifarious activities of co-operatives. The other descriptive chapters on Co-operative Education, State and Co-operation and Departmental set up persent concisely a mass of information for which the reader would otherwise have to read a number of publications. In fact the entire Review does not seem to attempt at anything more than mere collation and summing up of the annual reports of the Registrars of the different States. However, the publication is highly useful to workers and students of Co-operation.

S. V. S.

CO-OPERATION IN KODINAR (The Indian Society of Agricultural Economics, Bombay) pp. 151 ; Rs. 6.

The lines of development of Co-operation in Kodinar were held as a model and popularised in the country by the Reserve Bank of India in the later thirties. Since then the Co-operative Movement has spread rapidly throughout the country and has come to embrace various lines of activity hitherto left untouched. The non-credit side of the Movement has received particular attention—thanks particularly to the conditions created by the Second World War—and previous lopsided development has been corrected to some extent. But the relaxation of controls, the tightening of the money-market, constant fears of an impending slump and such other problems are giving a constant headache to co-operators and the future of the Movement is none too rosy. A study of samples, models and specimens at this juncture may be helpful in formulating plans for the safeguarding of the Movement. So this exhaustive resurvey of the Co-operative Movement in Kodinar taluk is a welcome addition to the few new books nowadays being published on Co-operation.

The Indian Society of Agricultural Economics, under the distinguished guidance of Sir Manilal Nanavati, conducted this resurvey of the Co-operative Movement in Kodinar taluk and the volume under review embodys the results of the survey. The book is divided into three parts: Part I deals with the socio-economic structure of the taluk ; Part II deals with Co-operation ; and Part III deals with rural rehabilitation.

In a lengthy introduction Sir Manilal Nanavati briefly describes the origin and development of the Movement in the taluk and explains the objects of the survey and the salient aspects of the results of the survey. We are told that the Movement is confined mainly to the community of Karadia Rajputs and that it embraces only the substantial farmers and touches 24 per cent of the rural families in the taluk. If this is the result of 40 years of multipurpose activity, probably it is unnecessary to look to multipurpose activity as the vehicle of rural rehabilitation. Sir Manilal, also advocates the extension of the multipurpose activity to higher organisations of the Movement like central banking unions—it has been in practice in Kodinar for 40 years now—and their ultimate conversion into rural rehabilitation agencies. He thinks that "there is no reason why the banking union cannot in due course undertake to supply electricity or start a sugar factory..."

Part I of the book deals with the physical features, agricultural economy, industrial occupations and social conditions like health, education, rural administration etc., of the taluk and provides the necessary background for the appreciation of the development and future prospects of the Co-operative Movement.

Part II deals with the Kodinar Co-operative Banking Union, the working of affiliated co-operative societies and proceeds to give a factual socio-economic balance sheet of the members. The Kodinar Banking Union has

47 societies affiliated to it—46 agricultural credit societies and one fishermen's society. In the year 1948-49, the Banking Union granted a per capita loan of Rs. 76 to members of the rural credit societies to enable each of them to cultivate about 16.5 bighas of land (in the case of medium cultivators). At the same time the Union is depositing its funds with the Kodinar post office, the Kodinar Mahal Savings Bank, the Bank of Baroda, etc., to the tune of a lakh of rupees. Above all, co-operators in India will be surprised to note that the Union deposits "considerable sums with the moneylenders". The Banking Union has a land mortgage department too. It undertakes multipurpose activities, like sale of produce of members of societies, distribution of controlled commodities, supply of seeds and fertilisers, supply of agricultural machinery and implements, supply of other requirements like fungicides, quinine, paludrine. It manages a nursery and takes a lead in social reforms, etc.

The co-operative societies have no share capital but charge only a small entrance fee. They are based on the principle of unlimited liability even though they take up multipurpose activities. Their total working capital in 1947-48 was Rs. 5,00,757 of which 35 per cent were owned funds, 25 per cent deposits and 40 per cent loans from the Union. Nearly three-fourths of the loans are granted for productive purposes. Usually security of landed property of double the value of loan is taken. In 37 societies members complain that owing to the low loan limits they have to resort to money-lenders too. Selecting at ramdom 15 members from each society, a special study has been made regarding the size of the families, caste and community, areas owned and taken on lease, improvements to land, indebtedness to moneylenders, causes of debt, the income and expenditure of the members, etc. This study yields a wealth of interesting material which will be highly useful in planning for rural development.

Part III gives a brief outline of a plan for fuller development of the economic resources of Kodinar as also for the orientation of the co-operative organisation so as to make it a rehabilitation movement in the area. It is envisaged that "the societies should help each member to plan his farm as well as his home budget, offer him the necessary guidance and financial assistance to increase his income and reduce his expenditure..." a very ideal indeed for our co-operative societies.

The progress of Co-operation in Kodinar in the last 40 years leaves much to be desired; non-credit activities like cottage industries societies, full-fledged marketing societies, housing societies, etc., could have been started as in the other parts of the country. It would seem that the management of the Banking Union itself requires further education about the scope of co-operative activity besides a good deal of propaganda to induce non-members, to begin with the non-member depositors, to become members of the societies. Given proper guidance Co-operation has in Kodinar, as in the rest of the country, a very bright future.

Such detailed surveys of the Co-operative Movement in the other parts of the country too will be highly useful for a proper assessment of the role of Co-operation in our national economy and national life. We hope that the Co-operative Unions will undertake such detailed sample surveys of the Movement in their areas.

The Indian Society of Agricultural Economics deserves the thanks of co-operators for having taken the lead and pointed the way in the matter.

S. V. S.

CO-OPERATORS YEAR BOOK 1952—Editors: Arthur Hemstock and Alfred R. Perkins (Co-operative Productive Federation, Ltd., Leicester) pp. 112, Sh. 1/6.

This annual publication of the Co-operative Productive Federation, Leicester, contains as usual a number of interesting and instructive articles. The book contains only one chapter, that too a statistical review, about co operative co-partnership societies besides a directory of co-operative productive societies. Some additional chapters dealing with the problems of organisation, finance, management, marketing, mutual relationships, relationship with the consumers' movement etc., of the Co-operative Productive Societies would have been highly interesting to students and workers in the field all over the world.

In an article on the Development of Co-operative Distribution, Mr. H. J. Twigg analyses some recent trends in co-operative retail distribution; the reason why the rate of 'divi' cannot be restored to its previous level, the necessity for consumers' stores to copy the methods of their competitors, the necessity for further strengthening the stores by amalgamation, capitalisation etc., the necessity for promotion by efficiency in services rathert han by seniority etc., have all been convincingly argued. Mr. Desmond Flanagan suggests that English co-operators should take up other lines of co operative activity on the models of other countries like the health co-operatives of Yugoslavia, students' societies of France, credit societies, housing societies, revival of Owenite communities etc. He warns against carrying the consumer ideology to extremes and also suggests that in certain cases the production departments of consumers' stores may be transformed into productive societies. Mr. Fernando in an interesting article on Co-operative Education, urges that co-operative education should help to bring up a generation of capable co-operators and points out how under modern conditions of industrial organisation when management is drifting into the hands of paid managers, it is necessary for members to be alert if their influence is not to wane and disappear.

Mr. Bonner discussing the future of Co-operation in the Colonies notes that the British Co-operative Movement made little contribution to the development of co-operation in the colonies. Mr. Oram traces the origin and development of the co-operative political organisation. Mr. W. P. Watkins discusses the problems and future prospects of the

International Co-operative Alliance and urges the need for bringing in all co-operative organisations into the I. C. A. as also the need for better understanding and closer working of the various national organisations. The development of agricultural co-operation in Great Britain has been concisely but interestingly dealt with by Miss Margaret Digby. Mr. Harold Taylor in a thought-provoking article discusses the factors that led to the present indifference of members towards their societies and warns that "the producing, supplying of commodities, surpluses and dividends" cannot "supply the dynamic urge of any great movement that seeks to transform society" and urges that we should "place the emphasis upon high ideals inspiring others to share with us in the work, the responsibility and joy in service, and ultimately achieve our great and glorious purpose". Mr. George Durham, as the Education Secretary of a big stores, thinks that the problem of co-operative education is to devise ways of educating the members in such a way as to induce them to attend and take part in the meetings of members of the stores. Co-operatives in India should note how their counterparts in England are striving to make democracy broad based and compare it with their own efforts in the direction.

Containing so many interesting articles of general interest to co-operators all over the world and priced as low as Sh. 1/6, this well printed and excellently got up Year-book is sure to add to its popularity and become one of the standard co-operative Year-books.

S. V. S.

1. FUNDAMENTAL PRINCIPLES OF CO-OPERATION;
2. HISTORY OF THE CO-OPERATIVE MOVEMENT IN INDIA (Nos. 1 and 2 of the series of Co-operative Educational Pamphlets in Hindi; the Katra Co-operative Consumers' Stores, Allahabad)

Members of co-operative societies in countries like ours do not have appreciable knowledge of the principles of co-operation and the development of the movement in the various parts of the world. But, for the successful working of a co-operative society it is essential to secure the firm loyalty of those that are already members and also to persuade others that are not already members to become firm, loyal members. This can only be achieved by proper propaganda both amongst members and non-members of the principles and practice of Co-operation, its superiority to other systems etc. It is generally the duty of the higher organisations like Provincial Institutes or Unions to publish in regional languages to this end; The Co-operative Union of England published numerous interesting and informative pamphlets touching almost all the aspects of the Movement. But in our country, unfortunately, the State Unions are content with publishing some journals in English and regional languages which do not cater to the above need. It is therefore highly gratifying to see individual co-operative societies coming forward to meet the need and set right the lacuna in co-operative propaganda system. The Katra Co-operative Consumers' Stores, though itself a comparatively small and young institution has ventured boldly to bring out these two educative pamphlets of 8 pages each in simple, easy Hindi.

The first pamphlet explains the fundamental principles of Co-operation like open membership, one member one vote, loyalty to the society, distribution of profits, the moral and social aspects of Co-operation, etc. The second pamphlet written by Mr. Mahesh Chand, deals with the history of the Co-operative Movement in India. The cause of the hasty development in the beginning, the effects of depression, the efforts at rehabilitation, the progress during the Second World War, the defects of the movement have been explained briefly and some suggestions have been made by the author for the future development of the Movement.

The Katra Co-operative Consumers' Stores deserves the congratulations of co-operators for the praise-worthy beginning that it has made in the right direction in co-operative education. We hope that it will continue to do this useful work. We also hope that co-operative societies and Federations in other parts of the country will realise the necessity for such pamphlets in all languages and meet the need very early.

CO-OPERATIVE CONFERENCES AND MEETINGS

XXV CENTRAL CO-OPERATIVE BANKS' CONFERENCE

Held at Madras on 19th July 1952.

Welcome Address

by Sri B. Venkataratnam,

President, Madras State Co-op. Bank.

Mr. Venkatappiah, Mr. Ryan and Brother Co-operators,

On this occasion of the 25th Session of the Central Banks' Conference. I accord my hearty welcome to you all on behalf of the various Co-operative Institutions connected with the State Bank and on my own behalf. This occasion is indeed memorable, for it is the 25th Session of the Conference under the auspices of this august institution. Normally, the Silver Jubilee Session would have been held with great eclat. But unfortunately, one sad event which has happened since we met last prevents us from the jubilation which we should otherwise have had. All of you know that I refer here to the demise of our esteemed colleague and Leader, Sri T.A. Ramalingam Chettiar, who departed from our midst in February this year. Sri Chettiar had been actively connected with the activities of the State Bank for nearly two decades and had for many years guided the deliberations of the Central Banks' Conferences held from time to time. His loss at the present time, when his wisdom and experience would have been of much avail, is indeed very severe. This Conference is made poorer on account of this great loss. As a lasting recognition of his monumental services to the cause of Co-operation, the Board of Management have decided to name this premises as Sri T. A. Ramalingam Chettiar Co-operative Buildings.

I must also mention here with deep regret, the loss sustained by the movement in the death of Sri K. A. Nachiappa Gounder. Mr. Gounder was an ardent Co-operator whose zeal and enthusiasm for rural welfare work particularly in the co-operative way, are too well-known. He was a great fighter for the cause he believed in and took very active part in the deliberations of the Central Banks' Conferences held from time to time. We very sadly miss him to-day.

Much water has now flowed under the bridge since we met last in June 1951. Among the new developments that have pressed themselves on the attention of the Co operators, I may mention first the new policy of the Reserve Bank of India in enhancing the bank rate and secondly, the new policy of the Government of Madras, in ushering in decontrol of foodgrains. These two developments have meant very much for Co-operative Movement for they have affected the Co-operative Financing Institutions, particularly this Apex Bank, in revising their financial policy and also making several adjustments in the matter of financial accommodation.

Regarding the raising of bank rate, I must however own that in spite of enhancement of the rate, the Reserve Bank has continued to extend its concession so far as agricultural finance is concerned. I must in this connection express our sincere appreciation of the consideration which is being shown by the Reserve Bank not only in this respect but also in regard to extended financial accommodation as well as the extention of the duration of the advances under section 17 (4) (a), (c) and (d) of the Reserve Bank of India Act. From an average accommodation of Rs. 15 lakhs received by the State Bank in 1947–48, it has risen to Rs. 289.5 lakhs in the year 1951–52. This accommodation was at its peak level at Rs. 823.6 lakhs in May 1952. The Madras Government, to whom we are deeply indebted, have arranged with the Imperial Bank of India to accommodate us with Rs. 8½ crores for financing procurement and chemical manures operations. Yet, in spite of this help, the State Bank had to provide as much as about Rs. 170 lakhs to Rs. 250 lakhs in the corresponding period, out of its own resources.

Coming now to the bank rate, I must state that its enhancement has not left Co-operative Financing Institutions without repercussions. Co-operative Banks are now finding it more and more difficult to attract deposits at the former levels. To add to this, the Imperial Bank in consonance with the increase in bank rate have also raised their rate for the accommodation granted to us under the Government guarantee by ½ per cent per annum. Consequently, we are now obliged to borrow money at a higher rate than heretofore. This new situation in financial accommodation could not be redressed because the State Bank has been working with only a margin of ½ per cent.

For a long time, Co-operative Banks have invested a very large part of their funds with a view to help the State in the matter of procuring and making available to the public large quantities of foodgrains and other controlled commodities. The growing popularity of the co-operative distributing agencies has encouraged the co-operative institutions to invest a considerable part of their finances on schemes of procurement of foodstuffs and fertilisers so that the consuming public might have the first benefit of a socio-democratic Movement like the Co-operative Movement in the matter of meeting their daily needs.

The State Bank, on its part, has lent to the Central Banks as much as nearly Rs. 3 crores for the purpose. The Central Banks have made purchases on outright basis and also stocked large quantities of foodstuffs on an agency basis with the fond hope that they could supply these goods to the public at fair prices, and thus save the consumers from the profiteering middlemen. The decontrol now enunciated by the Government in pursuance of their G.O. dated 7-6-1952 has come to us as a great surprise. Following this new policy, there has been an unforeseen and unexpected change in the system of food distribution all over the State. Almost all the Co-operative Central Stores which have purchased or stocked huge quantities of food materials are now faced with the problem of disposal of their existing stocks before they get deteriorated. A Conference of the Co-operative Stores, as you know, has been held recently in the City. Their pressing problems were discussed and it was decided to represent their case to the Government and request the Government for taking early steps to help the Stores in disposing off their heavy stocks or to subsidise to the extent of any loss that might be incurred on account of this new situation. I am not, however, sanguine about the outcome of the Conference of the Stores for as has been indicated by the Finance Minister in his speech at the Conference, the Government expect the Co-operative Institutions to bear the losses both on account of their being popular institutions and their having made profits during the previous years by Government help and preferential treatment. In these circumstances, I very much fear if the Co-operative Stores can realise all their investments without any loss. A loss to the Co-operative Stores in any measure would have its repercussions on the Central Banks which are their financing institutions and ultimately on the State Bank. The situation particularly at this time when the money market is tight and our borrowings are hard, will, I fear, dislocate in no small measure the financial structure of the Co-operative Movement.

Gentlemen, we meet here in these circumstances and therefore our responsibility is very heavy. Luckily, we have amongst us persons who are rich in experience in the field of financial administration. Sri Venkatappiah is well-known for his rich experience in financial administration both as the Financial Secretary to the Government of Bombay and at present as the Executive Director of the Reserve Bank of India. It is our great fortune to have him in our midst on this occasion to inaugurate this memorable conference. I am sure that he will help us out of this impasse.

Sri Ryan, our popular Registrar, is no stranger to us and to our Movement. He has always been helping us during the troublous times and changing phases and I am sure that he will continue to give us his earnest and sincere advice in the interests of the Co-operative Movement which is so dear to him also. Every one of the delegates assembled here, I know, has to his credit considerable experience in the administration and guidance of co-operative institutions. I have no doubt that in this situation which is no less their concern than it is of the State Bank every one of the delegates will do his best to suggest ways and means of meeting the new situation.

The State Bank is progressing and expanding its activities in various directions and in consequence a number of problems have arisen. I may make special mention of a few. The first is the problem of providing medium-term finance to the agriculturists. You may remember that these problems engaged the attention of the last Conference also. I regret to state that the same conditions still prevail to this day while the need for an early solution of the problem is all the greater. I hope that this Conference will devise ways and means of providing this long felt need of the agriculturists; and I wish the Reserve Bank of India will also see its way to help us. I may mention in this connection that it has been suggested that necessary finance for this purpose may be tapped by attracting deposits of a three year duration at a rate of interest nearing that of the Imperial Bank of India advances rate viz. 4 per cent per annum.

Another important question which I suppose needs the early attention is the protection of the weavers' societies and handloom industry from their present plight. The weaving industry is the largest co-operative cottage industry in our country. But unfortunately, the handloom weavers are in a pitiable plight and the weaving industry is faced with a critical situation. With a view to give relief to the weavers, the Government have ushered in the relief scheme. This scheme, as you all know, entails an initial investment which has to be provided. The Central Banks and through them the State Bank will have to provide for a burden of financing the weavers' co-operatives to the extent of about Rs. 50 lakhs. Unfortunately, the Imperial Bank of India have not found it possible to come to our aid, in this matter even under Government guarantee. We have therefore to stand on our own legs to meet this demand. It is very urgent. I hope this Conference will give its best attention to the matter and suggest ways and means of meeting the situation without prejudicing the State Bank's standard advance programme.

One more question, I feel, is pressing itself on the attention of the Co-operative Movement and that is the question of co-operative employees. You are all aware that the last Conference recommended certain standards and forms of security for co-operative employees. It has now been found that the suggestions, if given effect to by the Registrar, would seriously affect the majority of the employees of the Co-operative Institutions. It appears rather fair to either review the position afresh or consider if it is desirable to request the Co-operative Department to revise their orders already passed so that the employees who are already in service may be given some favourable consideration. I hope that such a step will ensure the loyalty of thousands of co-operative employees, which loyalty is a great asset to the Movement itself.

Gentlemen, there are many other subjects of varying importance which are now being placed before the Conference for consideration. I hope that the collective deliberations of this august body in all the important matters will go a long way towards helping the Movement to progress steadily and smoothly.

Such a smooth course to the Movement is the *sine qua non* of the early realisation of the Co-operative Commonwealth which the Government of India has pledged to establish. I see in the community projects which are now being executed by the Government, a genuine and earnest desire for the realisation of the Commonwealth. The Co-operative Movement has no small part to play in this grand programme of work. I sincerely feel that this Conference of Central Banks in whose care the Co-operative Movement of this State is very largely placed, will do its best to place the Movement on a firm basis so that it may properly fit in the scheme of Co-operative Commonwealth.

I wish to express once again our grateful thanks to Sri Venkatappiah for his having kindly consented to inaugurate this Conference and I request him to declare the Conference open.

Inaugural Address by

Sri B. Venkatappiah, I. C. S.,

Executive Director, R.B.I.

Friends,

I value very greatly the privilege of inaugurating this session of the Conference of the Co-operative Central Banks of the Madras State. I thank you for the invitation, not only on my own behalf, but also of the Reserve Bank of India which, in a sense, I happen to represent before you to-day; for, I take it that in asking me to address you on this occasion you are really giving expression to your interest in an institution which, for its part, has been increasingly interesting itself in co-operative banks and societies here and elsewhere in the country. You have in this gathering the representatives of some of the most highly developed co-operative banking institutions in India and it seems to me that your deliberations connot fail to take us a step further towards the attainment of an object which the Reserve Bank has always fully shared with the co-operative movement and which in the recent past it has been making systematic endeavours to promote, namely, the effective extension of agricultural credit and mobilisation of rural savings.

We meet here in a hall which has been named after one whom we very keenly miss from our midst to-day. The late Shri Ramalingam Chettiar was a valued colleague in the "Standing Advisory Committee on Agricultural Credit" which, as one of its recent steps in this context, the Reserve Bank of India constituted about a year ago. We turned to him for guidance on many points which arose in the deliberations of the Committee and had from him benefit of mature and practical counsel. His death has been a great loss to the co-operative movement in India.

I have mentioned agricultural credit. It is largely in this important sector that the activities of the co-operative movement and the operations of the Reserve Bank of India converge. While it is true that co-operation, both as a concept and as a technique, is much bigger than co-operative credit, and that co-operative credit in its turn is wider than co-operative agricultural credit, I think you will agree that, in the conditions obtaining in our country, it is in the sphere of agricultural credit and rural banking that co-operation faces its most urgent task to-day. That is how, on the one hand, co-operation and agricultural credit are organically related.

The Reserve Bank, for its part, having been statutorily entrusted with certain important functions in respect of agricultural credit, has had necessarily to take into account the most organised institutional agency of that credit, namely the co-operative banking system and by an inevitable further step extend its contact to the co-operative movement as a whole, of which the functioning of the credit structure is only a part. This is how, on the other hand, the Reserve Bank, in one of the branches of its activities, finds itself in close association with the co-operative movement. As throwing light on the implications of this position I shall cite one illustration. In terms of its Act, one of the duties of the Bank is "to maintain an expert staff to study all questions of agricultural credit and be available for consultation" by different Governments and institutions. In actual fact, you will find that the studies and investigations of the Research Section of the Agricultural Credit Department of the Bank, though mainly devoted to co-operative agricultural credit, are by no means confined to this aspect of co-operation. Thus, among the recent publications of the Department, which some of you have perhaps seen are brochures on Co-operative Education, Co-operative Housing, Consolidation of Holdings, Fruit Marketing Co-operatives and so on.

What I have just mentioned is, in practice, only a subsidiary function of the Agricultural Credit Department of the Bank. The main function of that Department in relation to agricultural credit is, in the words of the Statute, "to co-ordinate the operations of the Bank in connection with agricultural credit and its realtions with State Co-operative Banks and any other banks or organisations engaged in the business of agricultural credit." It is unnecessary for me, at this gathering of co-operative bankers, to cite those other provisions of the Act which define the mode and character of the agricultural credit operations which the Bank is empowered to undertake. They are, as you know, in the main connected with short-term finance for seasonal agricultural operations and the marketing of crops; they do not cover medium-term agricultural finance; but, in respect of long-term finance, one of the provisions does enable the Bank to buy such debentures of Land Mortgage Banks as are fully guaranteed as to principal and interest by State Governments. Under this last provision, as you are no doubt aware, the Bank normally gives support to these debentures by taking up a proportion of the issue. Recently, this proportion has been as high as 20 per cent. Now, possessing as you do considerable familiarity with the working of these provisions some experience of the recent liberalisation of the procedure with them, and various views perhaps about the Reserve Bank's present and future role in the context, it seems to me that there are two questions which you might like to be dealt with on this occasion. First, what does the Reserve Bank propose to do eventually in this matter of agricultural credit? Second, what is it actually doing? I shall try to give very brief answers to these questions.

With the first of these points, namely the making and carrying out of long-term policy, it has to be remembered that the authorities intimately concerned with both policy and execution are many—the Central and State Legislatures, and the Central and State Governments, for example, besides the Reserve Bank—and so are the agencies of credit through which the execution of policy has to be pursued—the State Governments themselves as providers of *tagavi* and other loans, the commercial banks, the private money-lenders and so on, besides the co-operative banks and societies. Moreover, for the formulation of a well-considered and co-ordinated policy there must be adequate material; and while, in regard to the needs and conditions of agricultural credit, such data as are available are either piece-meal or somewhat out-of-date, it also happens that, with the integration of States, even the territorial scope of the problems is no longer what it was in the past. It was in these circumstances, and in order to assist in the reaching of all-India decisions on eventual policy, that the Reserve Bank initiated an All-India Rural Credit Survey through a Committee appointed by it, some twelve months ago. The field enquiries of the Survey are nearing completion. They cover 75 districts in different parts of the country; that is to say, not all the villages or the whole agricultural population of these districts—that would have been quite impossible, besides being wholly unnecessary—but a certain number of villages in each district and a certain number of agricultural families in each village, picked out for their representative character in accordance with recognised statistical methods. The different credit agencies are also being studied in detail, while views of informed co-operators and others have been sought through a general questionnaire. This survey should therefore help to fill to some extent the lacuna in data which has hitherto existed; and the Report, which is likely to be ready a few months after the completion of the field enquiries, should prove of assistance to the different authorities concerned in framing, for the future, an integrated policy of rural credit.

I now turn to the second question: What is the Reserve Bank actually doing in this matter of agricultural credit? In other words, what is the relevant programme of the Bank, both in the recent past and for the immediate future? Such a programme would comprise steps which the Bank could take without having to await either long-term policy or far-reaching re-organization. These steps fall into two categories: those which involve an enlargement of either the scope or the area of operations of the Bank and those which, even without such enlargement can ensure a larger and freer flow of agricultural credit from the Bank. Recommendations pertaining to both these categories were made by an Informal Conference on Rural Credit which, as you are aware, was convened by the Governor of the Bank in February 1951. I shall mention briefly the steps taken in pursuance of those recommendations.

In respect of enlargement of scope, mention may first be made of two amendments of law which were passed by Parliament sometime ago and have come into effect last November. The first of these, as you know, related to section 17 (2) (a) of the Act and, in regard to the purchase, sale or rediscount of bills of exchange and promissory notes arising out of *bona*

fide commercial or trade transactions, placed the State Co-operative Banks on the same footing as scheduled commercial banks. The second was especially important from the point of view of the agricultural credit operations of Co-operative Banks. This amendment, as all of you are undoubtedly aware, related to Section 17 (2) (b) of the Act and extended to 15 months the previous maximum of 9 months for which accommodation could be made available by the Bank for the purpose of financing seasonal agricultural operations and the marketing of crops. While these amendments have already been passed, there are other recommendations for amendment of law which were made by the Informal Conference and are now engaging the attention of the Government of India. The object of the suggestions thus made was to include in the scope of the assistance available from the Bank certain new categories, such as short-term finance for mixed farming activities and the processing of crops by agricultural producers, short-term finance for cottage industries through industrial co-operatives and, to a limited extent, medium term finance for agricultural purposes.

Besides this enlargement of scope, actual or proposed, there has also been enlargement in the area of operations of the Bank. All Part B States have now come under the purview of the Reserve Bank of India Act in the context of the provisions relating to agricultural credit. In some of these States, as well as in some of the Part A States where the co-operative movement happens to be relatively undeveloped, the provisions which enable the Reserve Bank to extend financial assistance to co-operative banks have been largely inoperative on account of lacunæ in the co-operative organisation of the States concerned. The lacunæ are different for different States. In some instances, there may be no State Co-operative Bank at all; in others; considerable reorganization of the apex bank may be necessary before it qualifies for assistance from the Reserve Bank; or again, the Central or District Banks may happen to be a weak link in the chain; while as in very many instances, the primary credit structure itself may be in need of rehabilitation. With a view to studying the problems of individual States and initiating appropriate steps in consultation with the Governments concerned, a series of visits to these States and of discussions with their Governments was planned, and has since been carried out by the officers of the Bank in a large number of States. It is intended to cover the remaining States in the next few months. An experienced officer of the Agricultural Credit Department tours the State, studies the co-operative organisation and submits a factual report, together with suggestions for re-organisation of the co-operative structure of the State; thereafter, high-level discussions are held between the Reserve Bank and the State Government, and a basic plan of re-organisation agreed upon. Such programmes have been drawn up for a number of States and a certain amount of progress has already been made in some of them, especially in the implementation of proposals relating to the establishment or reorganisation of apex co-operative banks, through which alone the Reserve Bank can make agricultural credit available to other parts of the structure.

I have dealt with the extension of the Bank's activities both in content and in area. Then there is the second category of steps which, even without such enlargement, is designed to bring about a freer and more effective flow of agricultural credit from the Reserve Bank to co-operative banks, where thbse banks are already well-organised as in the State of Madras. With most of these measures of procedural reform, which were taken last year in pursuance of the recommendations of the Informal Conference, you are already familiar. Repayments have no longer to be made before a fixed date, viz., 30th September, irrespective of the duration of the loan; each loan is treated as a separate transaction and allowed to run its full course which is normally 12 months; the credit limit is confined to outstandings only, and is not as in the past related to the total amount of borrowings irrespective of repayments; on the special recommendation of the Registrar, even C class banks are considered on merits with a view to deciding whether they should be given a credit limit; and so on. Following the liberalisation which has thus taken place on the procedural side, there has been a considerable increase in the extent of the agricultural credit drawn from the Reserve Bank by co-operative institutions. The figure was Rs. 2.7 crores in 1949-50. It doubled itself and was Rs. 5.4 crores in 1950-51. And now at the end of 1951-52, the provisional accounts indicate that the amount drawn is more than double the figure of the previous year; and has nearly reached the level of Rs. 12 crores. The concession rate of interest, as you know, continues to be $1\frac{1}{2}$ per cent even after the increase in the bank rate. Along with this liberalisation, of which the concrete results have thus demonstrated themselves, the Informal Conference recommended two measures to bring the co-operative credit movement and the Reserve Bank closer together. One was a system of inspection by the Reserve Bank of the co-operative banks, especially of those to which it lent or proposed to lend. An organisation for this purpose and, generally, for greater contacts with co-operative banks, is in the process of being built up and will be shortly ready for taking on these duties. The second measure which the Informal Conference recommended in this connection was the setting up of a "Standing Advisory Committee on Agricultural Credit" where contacts at the policy-making level could be established with co-operators and others knowledgeable in the problems involved. This Committee, as you know, has not only been formed but has already met twice; in August of last year and again a few months ago in April. One of the activities of the Committee which should be of special interest to you is its effort to evolve standards for different aspects of co-operative banking and administration, such as maintenance of fluid resources by the banks, inspection and audit classification by the supervisory authorities and fixation of credit limits by the Reserve Bank.

I see from your agenda that you have got before you a variety of practical proposals to discuss. Arising out of some of these, there are a few points I would emphasise before bringing these remarks to a close. The wording of an item here or there seems to reveal that the expectation of

almost unlimited credit from the Reserve Bank is entertained in some quarters. This of course is quite unrealistic. Apart from provisions of law and considerations bearing on the functions appropriate to the Reserve Bank as the Central Bank of the country, which it would take me too long to dwell upon now, there is the obvious limitation that no co-operative bank can borrow, or conversely, should be lent, more than its financial and administrative structure justifies. Also, where loans are sought from the Reserve Bank, a very important part of the justification consists in what the co-operative bank has been able to build up by way of its own deposits. How far has it succeeded in mobilising local savings and resources? And how far, in its lendings, has it given first priority to agricultural credit? These, as you will agree, are considerations of extreme importance to our rural economy and indeed to our economy as a whole; and it is clear that the Reserve Bank will have them very prominently in mind in decidin its lending policy in respect of individual institutions. If it has considerably liberalised its help, it also assumes the coming into being of a considerably larger measure of self-help.

I thank you again for inviting me to speak to you to-day and have pleasure in formally declaring the Conference open.

The following resolutions were passed at the Conference:

1. Resolved that the rate of interest charged by the State Bank to the Central Banks may stand as heretofore.

2. Resolved that Central Banks should not charge more than $4\frac{1}{2}$ per cent per annum to village agricultural credit societies and marketing societies which deal with marketing of agricultural produce. For other societies, the rate of interest shall not be more than $5\frac{3}{4}$ per cent per annum.

3. Resolved to request the Reserve Bank of India to provide medium-term loans, ranging from three to five years, and long-term funds for Central Banks through the Madras State Co-operative Bank by making suitable amendments to the Reserve Bank of India Act.

4. Resolved that the standards and form of securities for employees of Central Banks prescribed by the Registrar be accepted and that the Registrar be requested to grant exemptions in suitable cases as to the nature and form of securities on the recommendation of respective Central Banks.

5. This Conference again resolves to request the Government to exempt all Co-operative Societies from the operations of the Madras Shops and Establishments Act as is done in the Mysore State.

The Conference further resolves that the President of the State Co-operative Bank, Dr. P. Natesan, Mr. D. Krishnamurthi Gounder, M.L.A., Sri P. Kesava Rao, Mr. N. Satyanarayana, M. L. C., and Mr. M. D. T. Kumaraswamy Mudaliyar wait on deputation with the Chief Minister, Minister fo Labour and the Minister for Co-operation.

6. Resolved to request the Registrar to relax the limit for issue of short-term loans from 65 per cent to 50 per cent to enable Central Banks to qualify themselves as "A" Class Banks.

7. Resolved to request the Madras State Co-operative Bank not to charge commission for remittances made to Central Banks within the State.

8. In view of the famine conditions in the Rayalaseema, the Conference requests the Government to sanction free service of the Co-operative Sub-Registrars, one for each Central Bank in Rayalaseema Districts for employment as Executive Officers to work the Rayalaseema scheme of reorganisation of credit societies consequent on downward trend in the income of the Central Banks.

9. This Conference of the representatives of the Co-operative Central Banks in the State resolves that while sympathysing with the present plight of the weaver members of the various Co-operative Weavers' Societies in the State, request the Government to place more funds at the disposal of the Co-operative Central Banks through the Madras State Co-operative Bank to finance the Weavers' Societies, encourage handloom industry and thus find a solution to redress the grievances of the weavers.

10. This Conference resolves to request the Executive Committee of the Madras State Co-operative Bank to go into the question of furnishing of collateral securities in the shape of co-operative paper for borrowings from the State Bank.

11. Resolved to request the Government to amend the rule XIII-B of the rules framed under the Madras Co-operative Societies Act of 1932 by making provisions for the use of the premises of the societies for all kinds of social and cultural activities.

12. Resolved to request the Registrar of Co-operative Societies, Madras to suitably revise and amend the annual statement form as that of the audit report.

13. Resolved to request the Registrar of Co-operative Societies to permit all Central Banks to discontinue the maintenance of general information register and to adopt the procedure now followed.

14. Resolved to request the Government to permit tender deposits and security deposits of Government contractors and Local Board contractors to be deposited in Co-operative Banks.

15. Resolved to request the local Government to take up consideration of the Amending Bill of Co-operative Societies Act in the Legislative Assembly. If the entire Act, for any reason, cannot be taken up for consideration now, the amendment of Section 28 may at least be taken up to make provision for compulsory recovery in employees' societies.

16. Resolved to request the Registrar of Co-operative Societies, to direct the D. C. Inspectors to meet the Secretary or President of the Central Banks twice a month to discuss the progress of the Depressed Class Societies and also to attend Central Bank meetings on the days when overdues of the societies are discussed.

17. This Conference resolves to request the Registrar to take suitable steps to prevent the abnormal delay in conducting audit of the Co-operative societies which are paying audit fees, and to ensure that in respect of societies paying, arrangement for regular concurrent audit should be made so that the accounts of each month are audited before the end of the next month and the final audit before the end of August.

18. This Conference resolves that the separation of audit from Administration which has been pending for a long time should be effected soon.

19. This Conference requests the Government of Madras to instruct all the Collectors of Districts to expedite the settlement and payment of the claims pending or made by the co-operatives before the Civil Supply Staff is disbanded, claims in respect of subsidies due for undertaking procurement of food grains, distribution of chemical manures and iron and for holding government stocks of controlled articles.

20. This Conference requests the Government to order quick disposals of the Government stocks held by the co-operatives and to compensate the loss sustained by the co-operatives by deterioration of the stocks due to the delay of release orders.

21. Resolved to request the Government and the Registrar of Co-operative Societies to permit the investment of the funds of liquidated societies in Co-operative Central Banks instead of sub-treasuries.

22. Resolved to request the Registrar of Co-operative Societies to allow the cash credits sanctioned by the Madras State Co operative Bank on the security of Co-operative paper also to be reckoned as resources in Part A of the Fluid Resources.

23. Resolved to request the Government to amend the rules under the Village Panchayat Act, so as to enable the village panchayats to lodge their funds in current or savings accounts also in approved Co-operative Central Banks.

EXTRACTS

CO-OPERATIVES AND COMMUNITY PROJECTS

BY

J. MAHAPATRA.

I

In the Community Project programme there is a great scope for organising the rural population on co-operative lines. In fact, in India a sort of co-operative community did exist long before the British came. When Mr. Thomas Munro was conducting the first experiments on land settlements in South India, he found evidence of the existence of these village communities with their common irrigation works, common village services which are being paid out of the produce of community lands and a co-operative way of distribution that was working almost automatically. Even now in many of the Indian villages a sort of co-operative 'shifting cultivation' is attempted wherever any proposition involving some amount of collective enterprise is involved. Therefore, given the correct approach, the co-operative way of doing things would not be unacceptable to the people. All that is necessary is that the members should understand the technique of participation in co-operative undertakings and should be encouraged to have their rightful say in the day to day conduct of the affairs of the co-operative to which they belong.

Bad Leadership

In the past, there have been cases of failure of co-operative undertakings, because of the unscrupulous leadership by cleverer sections of the population, who took advantage of the ignorance of the masses and their lack of contact with the foreign rulers. Today conditions are different. Public opinion is crystallising itself through a process of trial and error and tending to more and more responsible lines. People are learning to distinguish their rights from their duties.

If, therefore, the people of the villages are properly handled, they can easily fit into a co-operative effort where everybody will have a voice in the decision of the organisation and where everybody will contribute to the welfare of the organisation. Today private management of any business is suspect because in the new social order people cannot appreciate the wide disparity in business incomes. State management cannot replace private management partly because state-craft gets inevitably embroiled with politics and partly because business and red tape do not go hand in hand. It must however be conceded here that the co-operative way of doing things has not attained such a perfection where it can replace either private management or State management. But in modest spheres it can always fill that gap where private management will not be willing to enter purely on profit grounds and where State management cannot enter on account of

the modest size of the business. It is here that the co-operative organisation can work as a lever to raise the social status of the population concerned. That is where lies the unity of purpose between the community project management and the co-operatives.

Collective Strength

In the project areas we shall be asking people to use better implements. The small farmer has neither the necessary operational range for these implements in his tiny little plot of land nor has he the necessary finances to afford these implements. But a number of farmers can together own some implements for which they will be able to find continuous use by employing them on a part-time basis on everybody's land. They can also find necessary finances, or at any rate they will have the necessary collective borrowing power, for investment for such equipment and they can collectively pay off their loans out of the increased yield that these implements would bring. Similarly, we can construct irrigation works by raising contributions from a large number of farmers, that would benefit from such irrigation, or at any rate we can organise them into a co-operative body that will effect the improved irrigation schemes, on borrowings, and the people can again repay the loans out of the increased ield that they will get. In reclaiming and cultivating waste land also, we can introduce the co operative system. This will not only provide additional land for the landless population but will also be a check against future subdivision and fragmentation of holdings.

New Land Order

This is particularly important because today we are thinking on the one hand of such measures as abolition of zamindari, which will prevent large quantities of land being in possession of one individual to the exclusion of the toiling masses, and on the other we are thinking of mechanised cultivation, which presupposes large-scale farming. When we recognise every tiller's right to a piece of land, we cannot create a body of big land-holders whom we are now thinking of ending, as a class. At the same time we cannot afford to take away land from the people for cultivation directly by the Government. The only solution, therefore, lies in co-operative cultivation where a large farm will remain as one but its ownership will be shared by a large number of cultivators. Similarly, we can also have a systematic programme of consolidation of holdings by forming co-operative societies in villages. All these will not only improve the system of distributional justice of the national income but they will also directly add to our production in as much as this will lead to more efficient farming.

II

The co-operative organisation can also be profitably used to eliminate the middleman. It is a common feature in India that the agricultural producer, due to lack of organisation, is at a disadvantage in marketing his produce. Usually as soon as the harvest is ready, every cultivator wants to dispose of a major portion of his produce, either because he needs money to repay his debts or because he has no place for safe storage of his grains. He has often to pay taxes exactly at the harvest season, because our land revenue system has been so designed as to realise the dues exactly when the cultivator has the ability to pay.

Everybody, therefore, whether he is a village mahajan or a village landlord who has anything to get out of a cultivator, makes his demand for repayment exactly when the harvests are brought home by the cultivator. The result is that a majority of the cultivators throw their produce in the market for sale. There is a relative paucity of buyers at this season because every one has his harvest. The supply thus becomes greater than the demand and naturally the prices go down.

Eliminating the Middle Man

Those, however, who are comparatively lucky and have the necessary finances and storage facilities gamble in buying. These are the middle-men. They store the grains till supply becomes scarce and in a later season of the year, get rich dividends out of the cultivator's toil, by selling at higher prices.

We can prevent this by co-operative marketing. The cultivator at the harvest season may sell his produce to the village society, which is financed by the Central Co-operative Bank, and take out an advance to the extent of his present needs. The village society passes on the produce to a central society where it is graded and stored till prices rise to the correct level. This society finds out proper markets for the goods and thereby secures fair prices for the producers and delivers genuine goods at reasonable prices to the consumers also.

All that happens is that the middle-man's profits are passed on to the cultivator. After all it is more conducive to social welfare if everybody adds a drop of more blood to his veins rather than one man developing a big belly amidst a whole village of emaciated people.

Battle Against the Machine

The co-operative organisation may also be useful in yet another way. It is common knowledge that in India, the cultivator, being a seasonal worker, has a lot of idle time to spare. In pre-British days when weaving and spinning were universal in India, the cultivator was interspacing his time with cottage industries. Today, however, the machine has replaced the cottage worker and if the cottage worker has to survive he has to modernise and organise himself.

The only organisation that suits such a purpose is a co-operative. We may electrify the Indian situation by creating lakhs of such societies through-out India in every nook and corner where, even ten cottage workers of a particular trade may combine in their battle against the invasion of the industrial field by large machines.

Machines no doubt have their field, but they should not pervade every field. The large pockets which will still be available in spite of them, can always be exploited by the organised cottage industry workers in the co-operative way. It will then be possible for him to introduce new equipment, new patterns, new designs, with better financial stability and better forms of marketing.

We can change the face of this country by a systematic organisation of a large number of co-operative societies, planned in such a way as to cover the whole field that lies between the private sector and the public sector. We can have co-operative hospitals, co-operative health services, co-operative basic schools, and co-operative rural universities in the manner in which they are organised in Europe. In short, we can organise our villager in every walk of life, to solve all those problems which he is unable to solve alone.

Multipurpose Societies

Where conditions are favourable we may have multipurpose co-operative societies which will have all the above purposes in view. A multi-purpose society has the advantage of the ability to build up a stronger organisation, as it embraces almost all the range of activities which are capable of being moulded in the co-operative way. Of late, in India the co-operative system has also begun to make inroads into big business. We are having today co-operative spinning mills, co-operative aluminium factories, co-operative salt production centres, co-operative printing presses, and so on. Before us, therefore, there is a vast range of activities that can be harnessed co-operatively.

We may try all these in the Community Project areas. If we are successful we will be found building up the rural organisation on a sound footing, which will not only make our men efficient members of an orga-nised co-operative undertaking, where their efficiency in production, in marketing and distribution will markedly improve, but at the same time we can also pattern their social and cultural lives after the co-operative model. In course of time these co-operatives will be pulsating with life and they will help in building up better homes, better villages and better com-munity life.

Orissa Experiments

In this connection mention may be made of a type of co-operative organisation that has been doing good work in Orissa among the aboriginal population. A large co-operative society has been built up in the district of Ganjam among the Konds. This society markets the produce of the Konds and imports for them such consumer goods as cloth and sugar. At the end of the year the profits are distributed among the people, in the shape of utility goods. This is done because if the profits were distributed in cash the Konds would spend the money on drink.

The profits, therefore, are given in the form of fruit grafts, simple cultivation implements, cloth, cooking utensils, trunks, umbrellas, etc., which constitute the basic needs of the population. The society has worked there for about five years and each year these poor people receive their share of bonus in kind. Sometimes these bonuses exceed Rs. 150 in value and gradually this has been helping to change their very mode of life. Here therefore lies another way of up-lifting all those who remain down-trodden. There are indeed unlimited possibilities for this type of work in the co-operative field.

—*Kurukshetra*, August and September 1952.

CO-OPERATIVE MOVEMENT AND COMMUNITY PROJECTS

BY

S. K. BOSE.

The following is one of the directive principles of State policy mentioned in the Constitution : " The State *shall* strive to promote the welfare of the people by securing and protecting as effectively as it may a social order in which Justice,—social, economic and political,—shall inform all the institutions of national life." One cannot underestimate the importance of planning even in a Democratic Republic. All measures will therefore have to be carefully planned.

Recently, many people in the country have argued that the Community Projects and the co-operative movement are twin agencies which will achieve the economic betterment of the country. So much has been said and written about them that people have begun to idealize the Community Projects and the co-operative movement as ends in themselves. They are only means to a more ultimate end—a medium through which a higher standard of life is to be secured. A proper study of the problem will reveal that the twin means are not exclusive and that in fact they are inter-dependent.

It is often not realized that the Community Projects is not just another scheme, that it posits a *new* approach to rural reconstruction. It is the people who will benefit by the Projects who are to be enthused in their work. But enthusiasm alone will not yield results. Two other conditions

have to be satisfied, *viz*., (a) ultimately the region must have enough productive capacity to sustain a higher standard of life, and, (b) the programme of extension work must bear an intrinsic relation to the culture of the people. Each of the two conditions is vital to the success of the programme.

If condition (a) is not satisfied, no amount of enthusiasm can maintain a standard of life increased by artificial means. The area will eventually be forced to depend on State subsidies. As for condition (b) no scheme, even if it adds to the productive capacity of the region, will succeed if it antagonizes the people.

It would be a mistake to take condition (a) for granted. One has to consider the economic consequences of demarcation, of choosing particular areas for the Community Projects scheme. The world as a whole may be self-sufficient in food, but it does not necessarily follow that every nation is self-sufficient. Similarly, the potential productive power of India as a whole, or even of each State taken individually, may be sufficient to bring about and maintain a higher standard of life. But, every area chosen for the Community Projects experiment may or may not have adequate productive resources to increase living standards and maintain them at that level without external assistance. This is particularly true of areas which may have been chosen for other than economic reasons. It would be wise to survey every area with a view to reconciling the broad objectives of the plan with the needs of that particular area. Above all, the plan should not disturb the people's way of life—by which is meant their way of doing things, their beliefs, values and tradition. Any scheme, which does not take account of these, cannot produce lasting results. Of course, culture is not a static concept. It is evolutionary; it is not only conditioned by the environment but it also influences it profoundly. Their reaction is mutual.

The movement should thus produce in the community an urge for a better life. It is here that the co-operative movement has a contribution to make; its method is " self-help through mutual help ". Naturally, therefore, co-operation occupies an important place in Community Projects. It has been suggested that every Project Officer should completely identify himself with the policy of developing co-operatives as the agency for implementing the programme. The co-operative movement can help in the following ways :

(1) By granting prompt and adequate short, medium and long-term credit to cultivators for production purposes through appropriate co-operative societies ;

(2) By establishing multipurpose societies to handle supplies, finance, etc., so as to bring every village and villager within the orbit of the co-operatives ;

(3) By distributing manures, seeds and fertilisers at the village level.

(4) By developing housing facilities and if necessary even organizing construction co-operatives to build roads and buildings in Project areas.

The co-operative societies can place indents on and obtain their requirements from the supplies and marketing organizations of the Project Headquarters, they can also cater to non-members. Also loans at present available for minor irrigation works may be distributed through the co-operative banks for "Grow More Food" purposes. The societies can also help to launch savings drives in these areas.

But since co-operation is a way of life, it has also its own prerequisites for success. It would indeed be dangerous to ignore them in our zeal for progress or fulfilment of targets. The progress of the co-operative movement depends upon several factors.

(a) Co-operation is a voluntary principle. It is inconsistent with any form of compulsion—executive pressure, legal elimination of rights or even social or religious dictums. Success will thus depend on "converting the villager to the co-operative way of thinking".

(b) Essentially, co-operation involves self-help, and, therefore, "the pace of co-operative progress will be governed by the pace of educational progress within the country."

(c) While the co-operative method of organization is itself "a method of reducing the risk to be shouldered by each, by pooling the responsibilities of all", there is a limit beyond which the hazards of enterprise cannot be reduced. It is essential that the State should intervene to reduce the risks inherent in economic life to a point at which it would be reasonable to expect private enterprise to bear them.

It is thus clear that, for the success of Community Projects, a sane and well-knit co-operative movement is essential. The officials of the co-operative, project personnel and the administrator must work in complete unison. If even one of them looks upon the projects merely as another matter for administration, then the foundations of failure will be laid; and India cannot afford failures.

—*Kurukshetra*, Oct. '52.

COMMUNITY PROJECTS AND CO-OPERATION

(We publish below the correspondence that passed between Shri R. G. Saraiya, O.B.E., President, Indian Co-operative Union, and Shri S. K. Dey, Community Projects Administrator, on the importance of the utilization of the Co-operative agency in the implementation of the Community Development Programme —*M.Ed.*)

D.O. No. PS/CP-1(1)/52/162
Community Projects Administration.
Planning Commission,
New Delhi,
Dated July 3, 1952.

My dear Shri Saraiya,

I am grateful to you for sending me a copy of the resolution passed by the Bombay State Co-operative Council* at its meeting in Poona. I am generally in agreement with the views expressed in the resolution. As a matter of elucidation, however, I would like to offer the following comments :—

(*a*) The value of co-operative agencies in the implementation of the Community Development Programme, has been fully appreciated by the framers of the Programme. It has been felt, however, that the co-operative movement has not progressed uniformly all over the country and a project which has to be implemented immediately, could not be made to depend necessarily upon the co-operative agency everywhere. Experience in intensive development areas like Etawah, shows that the co-operatives are revitalised in such areas, but the process of revitalisation takes a little time. We have felt, therefore, that while in the initial stages, the exact extent to which reliance could be placed on co-operative agencies would vary from area to area according to the strength of the co-operative movement in these areas, at a subsequent stage in the implementation of the Community Development Programme, the co-operative movement will have sufficiently advanced in all these areas to make it possible for the projects to rely more and more on this particular agency.

(*b*) The representation of non-officials on Advisory Committees is intended to provide an opportunity to the residents of the project area to participate in the planning of the Programme. You will appreciate that such participation is likely to be most effective if it takes place at the project level rather than at District or State levels. That is the reason why we have not initially provided for non-official participation at the District and State

*For the Resolution please see pp. 223 and 234 of this *Review* (No. 2 of Vol. XVIII).

levels. With the progress of the Programme, however, it is expected that it will be possible to provide for the Project Advisory Committees to send up representatives from among the people of the area, to the District Committee as well as the State Committee.

(c) It is not correct to say that there has been no provision for industries. There is a provision of Rs. 4½ lakhs for village arts and crafts. This is meant to look after cottage and small-scale industries. Medium-scale industries have been left to initiative of private entrepreneurs, Government agencies assisting the entrepreneurs with facilities for procurement of controlled raw materials and marketing of finished products.

(d) It is not intended that, with the intensive development of the project areas, the areas not covered by the projects should suffer from lack of attention. On the other hand, plans are now under active consideration which will result in rural development work being undertaken on a somewhat less intensive scale practically all over the country. In fact, the intention is that such preliminary work will be a condition precedent to an area being subsequently selected as a project area.

(e) It is appreciated that the three-year period may be found insufficient for the pattern of development which we have in view. It is not the intention, however, that development work should cease at the end of the three-year period. The plans which are under consideration, envisage continuance of development work in the project areas, on a less intensive scale, at the end of the three-year period.

2. I am very grateful to you and to the Indian Co-operative Union for the very useful suggestions which you have made. I hope, we shall continue to receive the same co-operation from you in future. I shall certainly keep you fully in touch with the future development of the Programme.

Yours sincerely,
S. K. DEY.

Shri R. G. Saraiya,
President,
The Indian Co-operative Union,
Bombay.

Bombay 1,
July 22, 1952.

My dear Shri Dey,

I am in receipt of your D.O. No. PS/CP-1 (1)/52/162 dated July 3, 1952. I regret the delay in replying to it as somehow your letter was misplaced in my office.

I am glad to note that you are generally in agreement with the views expressed in the resolution passed by the Bombay State Co-operative Council. However, there are some small differences here and there which may be explained to a certain extent by the fact that you are planning for the whole of India while our resolution referred to the State of Bombay of which we have direct experience, and which is probably more developed than other parts of the country in co-operation.

Regarding your comments, I would like you to refer specifically to the following :—

(a) I have no remarks to offer.

(b) While we agree that non-officials should participate on the Advisory Committees in the project areas, we also feel that from the start non-officials should be associated on the Advisory Committees at the District and State levels. As you know, there are co-operative organisations like District Co-operative Banks, District Boards of Co-operation, State Co-operative Banks and State Co-operative Institutions functioning at the higher levels, it would be a distinct advantage if non-officials are associated from the very start at the District and State levels with the Community Projects in an advisory capacity. Your note (b) seems to confine non-official membership of District and State bodies to representatives of non-official members of project committees. I am not aware that the official composition of these higher bodies is going to be confined to representatives of the official members of the project committees. The District and State organisations are as a rule based on a federal principle, and they include among their members not only persons who have a representative character but who possess a wider experience and a broader outlook. Certainly, the District and State Committees have everything to gain and nothing to lose from the association of such persons.

(c) Yes, there is provision for cottage industries for the mandi units but there appears to be no such provision for industries at the village level. It should be possible to develop subsidiary and even some cottage industries at the village level. There is no reason why co-operative industries should be confined to small-scale, and why even the 'Medium' scale should in a way be considered unsuitable. For all possible industrial employment the co-operative channel should be thought of. Not only a medium of finance, but a technically sound plan of rural industrialisation should in our opinion form an integral part of community projects.

(d) & (e) We are in substantial agreement in this connection.

I thank you for your detailed consideration of the resolution sent to you. In fact, I consider your letter valuable and I shall be glad if you will let me know whether I can publish this correspondence also in the co-operative press.

With kind regards,

Yours sincerely,
R. G. SARAIYA.

Shri S. K. Dey,
Community Projects Administrator,
Planning Commission, NEW DELHI.

D.O. No. R8/CP/341
Community Projects Administration,
Planning Commission,
New Delhi, August 1, 1952.

My dear Mr. Saraiya,

Reference your letter dated the 22nd July 1952.

I have to make the following observations on sub-para (b) and (c) in paragraph 8 of your letter :

I agree with you that the State Government Committee as also the District Development Committee should be as representative as possible of all the important interests. We have left it entirely upto the State Government to compose these bodies according to their best discretion. There should, therefore, be no difficulty on the way of a State or a District to include in their respective Development Committees important non-official members of co-operative bodies, if Co-operative Institutions in the State are functioning at a level to be able to make a positive contribution to the programme.

As for cottage industries, you will have noted from the copy of the Draft Outline that we have provided for about 12 artisans of various types working within the village. The Community Projects Administration in the project area is expected to help the existing artisans in the villages and promote new ones. Smaller and medium scale industries are also visualized but these, for obvious reasons, will have to be left to non-official initiative, as the Government funds available for the projects will not be sufficient to finance large scale expansion on this sector. Cottage and village industries are the most difficult topics today. We have still to make a scientific study of the problem before we can make a definite plan on this sector. We propose to begin grappling with this problem in the near future.

I am deeply grateful to you for the interest you have taken.

With kind regards,

Yours sincerely,
S. K. DEY.

Shri R. G. Saraiya, O.B.E.,
Navsari Chambers, Outram Road, Fort, Bombay-1.

THE INDIAN INSTITUTE OF BANKERS' EXAMINATION IN CO-OPERATION

The Council of the Institute have decided to hold an Examination in the subject of Co-operation with effect from 1954. This will be introduced as an additional optional subject; the syllabus and the conditions of entry are as under :

Syllabus:

1. Introductory : (1) Definition, (2) Principles of Co-operation, (3) Place of Thrift in Co-operation, (4) Characteristics of a Co-operative Credit Society, (5) Difference between the working of a Co-operative society and a Joint Stock Company and the Characteristics of each, (6) Benefits of Co-operation, economic and social.

2. History of Co-operation : (1) Raiffeisen Societies and Schulze Delitzsch Banks—their main principles—comparison and contrast, (2) Co-operation in India and its early history (3) Co-operative Legislation.

3. Forms of Co-operative societies: Credit Societies—limited and unlimited liability; Multipurpose Societies, Consumers' Societies, Producers' Societies, Marketing Societies, other forms, *e.g.* building, insurance.—Characteristics of rural and urban, agricultural and industrial co-operatives. Special types of co-operatives, *e.g.*, Labour Co operatives.

4. Co-operative Banking: The place of Co-operative Banking in Banking structure. Functions and working of Primary Credit institutions, Urban Co-operative Banks, Co-operative Banking Unions, District Central Co-operative Banks, State Co-operative Banks, Industtial Banks, Land Mortgage Banks—Relations between Co-operative Banks and other Banking Institutions—Relations with the Reserve Bank of India, Statutory and others, Agricultural Credit Department of the Reserve Bank of India.

5. Regulation of money-lending and agricultural debt relief Legislation.

6. Co-operation and the States—State aid to Co-operation ; Place of Co-operation in planned economy.

Books Recommended :

1. Co-operation at Home and Abroad—C. R. Fay.
2. Agricultural Co-operation in the Commonwealth—Margaret Digby
3. Preliminary and Statutory Reports on Agricultural Credit under Section 55 (1) of the Reserve Bank of India Act.
4. Review of the Co-operative Movement in India 1946-48—Reserve Bank of India.

5. Co-operative Banking—Dr. N. Barou

6. Report of the Central Banking Inquiry Committee (Chapters IV to XIV on Rural Credit and Co-operation)

7. Report of the Planning Committee, 1946.

Conditions of Entry :

1. The Examination is open only to members who have already completed Part I of the Associate Examination of the Institute.

2. Candidates who have already obtained the Associate Certificate are also eligible to enter for this subject on payment of the prescribed fee.

3. A Candidate appearing for this subject along with other Part II subjects of the Associate Examination will not be required to pay any additional fee, but any candidate appearing for this subject alone will be required to pay the usual fee applicable to Part II subjects of the Associate Examination, viz., Rs. 12-8-0.

4. A memorandum signed by Honorary Secretary testifying to a candidate having passed in the subject of Co-operation will be issued to successful candidates.

—*The Journal of the Indian Institute of Bankers; October '52.*

THE CO-OPERATIVE UNION LIMITED

The Co-operative Party

56, Victoria Street,
Westminster, London, S.W.I.

Press Hand-out

At a meeting of the Executive Committee of the Co-operative Party, held on Thursday, November 13th, consideration was given to the difficulties and disturbances which have arisen as the result of the adoption of the apartheid policy by the South African Government. The Executive Committee is deeply concerned not only about the effect of this policy in South Africa itself, but about its probable effect in sharpening racial feeling and thus adding to our problems throughout the whole of the continent of Africa.

The Executive Committee urge the British Government to use its influence to secure the adoption of policies which are more in keeping with the spirit of the United Nations Charter and the Declaration of Human Rights.

Printed by Sri S. Sundaresan, L. P. T., at The Central Co-operative Printing Works, Ltd 1/17, Mount Road, Madras,
and Published by Sri Ch. D. Prasada Rao, Farhat Bagh, Mylapore Madras—2-53.