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

Luz, Mylapore, Madras.

President:

Sri Bhogaraju Venkataratnam.

Authorised Capital	... Rs. 50 lakhs.
Paid-up Capital	... " 20,25,600.
Reserves	... " 30,94,300.

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

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

Summary of Balance Sheet as on 30-6-'52.

Liabilities.	Rs.	*Assets.*	Rs.
Paid-up Share Capital ...	20,47,600	Cash on hand and balance with Banks ...	48,564
Reserve and other Funds...	31,38,519	Loans to Primary Banks ...	4,84,96,931
Debentures ...	5,59,49,000	Sinking Fund Investments...	1,02,13,971
Deposits, Loans and Overdrafts ...	23,34,332	Other Investments ...	42,91,391
Sundry Liabilities ...	3,66,639	Sundry Assets ...	11,21,512
Profit ...	3,36,279		
Total ...	6,41,72,369		6,41,72,369

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

152

National Co-operative
Life Insurance Limited

Office:

JADABPUR, CALCUTTA—32.

"Incorporated under the Co-operative Societies Act of Bengal. Arrangement is going on to make necessary deposit with the Controller of Insurance, Government of India for obtaining Registration Certificate under Insurance Act, 1938 to underwrite Insurance Business."

Kalipada Bhattacharjee,
Secretary.

West Bengal Provincial Co-operative Bank Ltd.

(Established 1918)

3/2, Dalhousie Square, East, Calcutta.

Phone: City 1409. **Gram: PROVBANK.**

Paid up Capital	... Over Rs. 25 lakhs.
Working Funds	... " " 3½ crores.
Reserve Funds	... " " 78 lakhs.
Government Securities	... " " 1 crore.

Full Clearing Facilities and Normal Banking Business transacted for the public.

Deposit Rates.

Fixed Deposits for 1 year	... 2½ per cent p. a.
" " " 2 years	... 2¾ " "
" " " 3 years	... 3 " "
Savings Bank Account	... 1½ " "
Current Deposit Account	... ½ " "

Investments of the Bank in East Bengal guaranteed by the Government of West Bengal.

S. K. Ghose,
Chairman.

N. N. Kar, M.A.,
Manager.

K. Subba Rao.
Banking Expert, Co-operative Directorate, Government of West Bengal. (Ex-Chief Officer, Agricultural Credit Department, Reserve Bank of India)
Managing Director.

THE INDIAN CO-OPERATIVE REVIEW

VOL. XVIII OCTOBER—DECEMBER, 1952 No. 4

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.

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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.

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THE INDIAN CO-OPERATIVE REVIEW

VOL. XVIII OCTOBER—DECEMBER 1952 No. 4

EDITORIAL NOTES

28th Madras State Co-operative Conference.

The 28th Madras State Co-operative Conference was held at Madras on the 20th and 21st December 1952 under the presidency of Sri Syamnandan Sahaya, M.P., Vice-President of the All-India Co-operative Union. Sri D. Mahalingam, Vice-President of the Madras State Co-operative Union, welcomed the delegates and visitors and read the speech of Sri B. Venkataratnam Chowdary, Chairman of the Reception Committee, in his absence. Hon'ble Sri C. Rajagopalachariar, Chief Minister of Madras, inaugurated the Conference.

In the course of his welcome address Sri B. Venkataratnam Chowdary argued that the opinion held in certain quarters, viz., that there has been rural prosperity resulting in rural savings, was wrong. The increase in the borrowings from the short as well as long-term credit co-operative institutions by itself showed the inability of the agriculturists to meet the domestic and production expenditure. He hoped that his findings would be confirmed by the results of the Rural Credit Survey, undertaken by the Reserve Bank of India, throughout the country. Sri Venkataratnam Chowdary conceded, however, that the rural savings drive launched by the Registrar of Co-operative Societies, Madras netted the Movement as much as Rs. 1.06 crores by way of deposits, but did not mention anything about the sources tapped to get this money. Whatever be the findings of the Rural Credit Survey the necessity for the co-operatives to find more moneys locally to meet their increasing demands cannot be over-emphasised.

Sri Venkataratnam Chowdary, continuing, narrated briefly the progress of the Movement in the State and drew the attention of co-operators pointedly to the problems facing the Movement in the various branches viz., weavers, housing, consumers, milk supply, insurance, cottage industries, requiring immediate attention.

Hon'ble Sri C. Rajagopalachariar, inaugurating the Conference, stated that the success or failure of the Movement depended upon the character and diligence of the people who worked it out. He claimed that the Movement in Madras had done valuable work relatively with other parts of the country. "Co-operation," he said, "retains all that is good in the Capitalistic scheme and claims to maintain all the good principles of Socialism" and wished the Movement good future.

Sri Syamnandan Sahaya, in his presidential address, explained how necessary it was to have a co-ordinating agency at the centre to make available to every State in the country the benefit of the combined pool of information pertaining to the working of the Movement in all the States. He felt it was high time that the Government of India gave shape to the recommendations of the Sub-Committee appointed by it sometime back, in this behalf.

Referring to the role of the Co-operative Department in the promotion of the Movement, he said "It is the steel stiffener of the co-operative structure". However, the control exercised by the Department should be animated by a desire to help and should be shaped in the mould of co-operation. He was emphatic that the Department should shun as poison any rivalry between itself and any section of the Movement. He pressed for a closed service in the Co-operative Department consisting of officials with the necessary missionary zeal and mental outlook. These suggestions, coming as they are from a co-operator of repute, merit careful consideration by the Governments, not only of Madras State but also of other States, for early implementation.

Adverting to credit Sri Syamnandan Sahaya said that co operators should endeavour to meet all the credit requirements of the members—short and medium and also long-term in States where there are no land mortgage banks—"since it will not be safe from credit considerations to allow the villager short and medium term loans on personal credit through the Co-operative Movement and to permit him to mortgage his properties to a mahajan for his long-term needs." He, however, admitted that long-term loans could be advanced only when long-term finance could be secured. But the co-operatives must first of all find out ways and means of raising moneys required to satisfy their short and medium term demands before taking upon themselves additional responsibility of dispensation of long-term credit.

Turning to distribution he said that the Movement had gained certain amount of experience in this direction and that it would be in the fitness of things to progressively increase the sphere. He stressed the responsibility of a welfare State in the matter of ensuring equitable distribution and called upon the Central Government to convene a conference of all interested including co-operators to decide which commodittles should continue to be distributed by the Movement and how it should be done. He opined that by the expansion of co-operative distribution the problem of marketing the wares of the cottage industries also could be successfully solved.

Sri Syamnandan Sahaya wanted that expansion and consolidation of the Movement should be simultaneously worked. He stressed on the importance of co-operative education—telling the members of their liabilities and duties—in any scheme of expansion of the Movement. As for new avenues for expansion he suggested the establishment of 'co-operative colonies' in areas where there are already societies working; taking over from Government the administration of Zamindaries (In certain Provinces the Zamindari Abolition Acts lay down that the management of Zamindari may be entrusted to Gram Panchayats); management of processing industries connected with agriculture, etc.

Commending the progress of the Movement in Madras he said "the achievements it has recorded and the aspects of life that it has touched is remarkable and must be a matter of gratification for all the workers" concerned. He was however disturbed at finding a large number of societies under liquidation (1,121) and an increasing amount of overdues. "Overdues have a tendency of assuming the proportion of an epidemic and they have, therefore, to be checked with a strong and firm hand", he said. We feel that the overdues have been the result of registration of societies in the recent past, without imparting necessary and proper co-operative education, so as to catch up with the plan of expansion drawn up by the Department earlier. He, however, hoped that the Registrar would be able to tackle this problem.

As many as 57 resolutions were passed by the Conference touching almost all the problems facing the Movement in its several spheres. Some of the important resolutions passed have been published elsewhere in this issue along with the speeches at the Conference.

* * *

First Rajasthan Co-operative Conference.

For the first time in the co-operative history of Rajasthan a Co-operative Conference was held at Kotah on the 29th and 30th of September and 1st of October, 1952, under the Presidency of Shri Amrit Lal Yadav, Minister for Co-operation, Rajasthan. Shri Shambhu Dayal Saxena, Chairman of the Reception Committee welcomed the delegates and Hon'ble Shri K. N. Katju, Home Minister, Government of India inaugurated the Conference. A report of the Conference appears elsewhere in this issue.

The State of Rajasthan comprising about twenty former States has a total of only about 3,500 co-operative societies. The development of the Movement is not uniform in all the units. While the Movement in Bharatpur, Kotah and Bikaner is 25 to 35 years old, it is of recent origin in the other areas of the State. The Movement touches about 6 per cent of the villages and 1 per cent of the population in the State. The organisation of this conference illustrates the awakening in the workers of the Movement and their desire to expand it.

The conference passed fourteen resolutions in all. One resolution related to the decision of co-operators to form a State Co-operative Institute, an important step in the direction of securing planned development of the Movement. By another resolution the Government was requested to appoint a committee of experts to go into the working and progress of the Movement in Rajasthan to suggest lines for future development. We hope the Government would be pleased to accede to this demand of co-operators and appoint a Committee to prepare a plan of Co-operative Development for the State, since Shri Amrit Lal Yadav promised Government's support for all reasonable demands of co-operators, in his presidential address.

We trust that co-operators of Rajasthan would heed the advice of Hon'ble Shri K. N. Katju, tendered in his inaugural address, and try to rely more on their own efforts than on the efforts of the Department for the growth of the Movement. We, however, wish to caution that management of multipurpose societies is difficult, more so when the members have no previous experience, and advise against formation of such societies in large numbers.

FIRST FIVE-YEAR PLAN OF THE PLANNING COMMISSION DEVELOPMENT OF THE CO-OPERATIVE MOVEMENT

In India, as in many other countries, co-operation started as a means of ensuring for the poorly equipped citizen advantages which better-placed persons were able to command by their own individual resources. Co-operation is effective not only against the economic ills of the masses but it also generates among them a sturdy feeling of self reliance. By pooling their experience and knowledge and by helping one another they can not only find the solutions of individual problems but also become better citizens.

Since the passing of the first Co-operative Societies Act in 1904, co-operation in India has not only widened in variety and content, but has gradually assumed quite a different significance in the context of social regulation. When individualism was the order of the day, co-operation represented a defensive act of association on the part of individual citizens. But with the adoption of the principle of social regulation, the co-operative societies came to fill a more positive role. The co-operative form of organisation can now no longer be treated as only a species within the private sector. It is an indispensable instrument of planned economic action in a democracy. Co-operation must, therefore, be an essential feature of the programmes for the implementation of the Five Year Plan, adopted at all levels of administration. The Planning Commission in consultation with the State Governments, the Indian Co-operative Congress and the Reserve Bank intends to formulate a more specific programme for the expansion of the movement in all the sectors in respect of which co-operative organisation has been considered suitable. It is also studying the various problems that the movement has to face and will suggest in detail changes—legislative, organisational and other—that are necessary for planning the movement on a sound footing and ensuring its progress.

There are 173,000 co-operative societies in India with a membership of 12 million and a working capital of Rs. 233 crore. Besides agricultural societies for all types of credit, marketing, farming, irrigation, consolidation, etc., there are consumers' co-operatives in the rural and urban areas; housing societies; processing factories; and urban banks. Agricultural societies account for more than 80 per cent of the total number, and of these credit societies are still the most numerous. But in industry, commerce, transport and retail distribution, co-operatives are gaining experience and strength.

DEVELOPMENT THROUGH CO-OPERATIVES AND PANCHAYATS

It is greatly to be desired that in the agricultural part of the Plan, the village as a whole should be actively associated in fixing targets and working for their achievement. In recent years the State Governments have shown a welcome earnestness in establishing panchayats as civic bodies charged with general responsibility for the collective welfare of the village community. Many activities, such as framing programmes for production, obtaining and managing governmental grants for building roads, tanks, etc., introducing improvements in agricultural methods, organising voluntary labour for community works and assisting in the implementation of legislation for economic and social reform, will fall within the purview of the panchayat.

On the other hand, for the working of individual programmes of development, where the specific responsibility and liability of a member have to be ensured, a more binding form of association is necessary. Specific and practical tasks of reclaiming land, providing resources for better cultivation and for marketing the village produce are best performed through co-operatives. It is, however, very necessary that co-operative agencies in the village should have the closest possible relationship with the panchayat. Though in the discharge of their functions the two bodies have specific fields in which to operate, by having mutual representation and by common *ad hoc* committees for certain matters, it will be possible to build up a structure of democratic management through both the organisations.

MULTIPURPOSE AND CREDIT SOCIETIES

Among co-operative societies working in rural areas the multipurpose society has rightly come to occupy an important place, and in some parts of the country efforts are being made to change many of the credit societies into multipurpose societies. Such transformation appears to be desirable, but meanwhile credit societies will continue to play a vital role in the rural economy. There has been a noticeable increase of incomes in the agricultural sector in recent years and it is of the utmost importance that savings in the hands of the rural population should be kept flowing into credit organisations. There is nothing better adapted for the purpose than the co-operative credit society.

SALE AND PURCHASE SOCIETIES

The purchase of the agriculturist's requirements and the sale of his produce are key activities in the business of farming and

at these two stages he is often unable to secure a fair deal. The organisation of co-operative sale and purchase societies can bring great benefits both direct and indirect. Seeds, fertilisers and implements can be placed at the disposal of even the small farmer by co-operative societies.

CO-OPERATIVE FARMING

In most parts of the country an increase in the unit of cultivation is necessary. Without undermining the sense of proprietorship and the consequent incentive to production co-operative farms can have all the advantages that a larger unit possesses. The Planning Commission has, therefore, suggested that if in a village people holding at least half the total area under cultivation desire to establish a co operative farm, legislation should enable them to proceed with the formation of a co-operative farming society for the entire village. The State should also encourage the establishment of such farms.

INDUSTRIAL CO-OPERATIVES

In rural areas agriculture cannot provide full employment to all. Many agriculturists are under-employed and have to turn to other occupations, especially during the slack seasons. Besides the agriculturists, there are several classes of village artisans who under the pressure of competition from organised industry are finding it difficult to maintain their traditional employments. Their problems are discussed in other chapters and the advantages indicated of forming industrial co-operatives among such workers. Industrial co-operatives are, however, still in their infancy compared with agricultural co-operatives, and the uncertainties of their business amid the moving events of a competitive market are apt to loom large. It has been recommended elsewhere that cottage and small-scale industries should have for themselves well-marked fields which are not encroached upon by large-scale industries. When this principle has been translated into practice, the conditions for the successful operation of industrial co-operatives will be more assured. Meanwhile such co-operatives should be helped to establish themselves on a sound footing. Aids in respect of power, implements, raw materials, technical advice and marketing facilities should be made co-operatively available to them. A provision of Rs. 15 crore has been made in the Plan for assisting small scale and cottage industries. Financial aid from this provision should by preference be given to industries co-operatively organised.

Not only in the rural areas, but in the urban sector, also there are a number of artisans of small means who find it difficult to organise themselves in keeping with the requirements of modern times. Among them too there is room for developing the co-operative movement. In urban areas special importance must also be attached to consumers' co-operatives, which, except in Madras, have not so far made very much progress, and to co-operative organisations for the building of houses.

IMPROVEMENT OF PERSONNEL

The success of co-operatives ultimately depends on their ability to perform their functions—whether they relate to production, finance, marketing, distribution or construction—efficiently and to the satisfaction of the members and the community. Co-operatives are sometimes organised and administered by those who lack the necessary qualifications and experience. This factor alone accounts for the failure of a number of co-operatives and the uneven development of the movement in the country. Many of the managerial and supervisory functions call for specialised knowledge and technical skill. Co-operatives should, therefore recruit qualified men and get their existing staff properly trained. The present facilities for training higher personnel are insufficient, but a sum of Rs. 10 lakh has been provided for setting up three or four colleges in different parts of the country to meet the needs.

FUTURE POLICY

In the past there have been occasional complaints that while the State generally sponsors co-operative societies and desires to accord them preference, in actual practice agencies other than co-operatives often receive better treatment from a number of departments. It has already been indicated that the various forms of co-operative activity impinge on many departments. Therefore, unless every department and every Ministry accepts and adopts the policy of fostering co-operative methods of business, rapid and enduring results cannot be obtained. For instance, the Central and State Public Works and Irrigation Departments spend fairly large amounts on works programmes every year. Except in one or two States most of the works are entrusted to contractors. It is suggested that every department should follow the policy of building up co-operatives which may eventually replace the contractors or other middle men.

—*First Five Year Plan, People's Edition.*

PLACE OF CO-OPERATION IN THE ECONOMIC DEVELOPMENT OF THE MASSES†

BY

PROF. P. N. DRIVER,

Professor of Agricultural Economics,

College of Agriculture, Poona-5.

The Psychological Factor of Indifference and Apathy of the Masses to Rural Reconstruction

Those who want to plan the economic development of the masses have to realise that no real progress in the execution of our plans and programmes is possible unless we can arouse the enthusiasm of the masses. In all tasks of such reconstruction we have to release, so to say, the latent and inherent energy of the masses for whom we plan. The miracle of modern China and her transformation is largely due to the release of this energy. On the other hand our own inability to achieve much can be ascribed to the indifference and apathy of our masses, who have not yet had any enthusiasm to awake from their slumber of ages. This is primarily an educative and psychological factor, which no economist or co operator can afford to ignore.

The biggest practical problem before us is, how we should use Co operation to rouse the enthusiasm of the masses for the task of their reconstruction. We cannot rouse this enthusiasm with the help of Co-operation unless we ourselves have very clear ideas as to the exact nature and role of Co-operation in this work.

Co-operation is Not "Foreign" to India

The first cobweb which we have to remove from our minds is the idea that co-operation is something "foreign" as it was introduced here by the British administrators. It is a serious fallacy to believe that everything and anything which was not originally born in the country is foreign to that country. Just as Christianity itself is not foreign to Europe, simply because its founder was an Asiatic and a non-European, co-operation is not "foreign" to us just because of its technical origin. We forget that even before the co operative movement started in India in the technical sense, we had real co-operative effort in several cases as in that of the

†Paper submitted to the First Rajasthan Co-operative Conference held at Kota in September 1952.

existence of the *Panjawar* Society in the Punjab—effort coming from the bottom and completely spontaneous.*

The Universal Character of Co-operation

It is also fallacious to believe that co-operation cannot help the economic development of the masses everywhere. We must realise how the movement has helped the economic development of the countries in Europe, which were quite different and distinct from each other. The League of Nations rightly looked upon the unbroken development of the agricultural co-operative movement in all its forms as proof of its universal character. It is true that it is not always in those countries which most urgently need co-operation that this movement has developed. It is also both incomplete as well as unevenly developed in many countries. Nonetheless it should be noticed that almost everywhere the various forms of co-operative action go deep down in the people's life and tradition and can be often traced to the old communal institutions of the masses.

Co-operative Traditions in Indian Culture

What has been said above is largely believed to be true of Europe and has been stated to be so in clear language. But if this is true of Europe, it is equally if not much more true of India and her masses. As we shall see, we require co-operation in agricultural production itself in forms such as co-operative farming. Co-operation in such forms is largely a revival of useful ancient traditions, which we had in a large measure but which we lost in the hurly-burly of modern individualism.

The spirit of the village communities of India was almost entirely co-operative. This spirit has to be revived and adjusted to the modern needs of our rural production. Our masses have known for centuries the basic meaning of communal life in various forms—collective management of irrigation, communal employment of the skilled artisans of the village, joint grazing rights, common use of pastures, etc. The existence even today, though in a very mutilated form, of the old institution of joint ownership of land is a remarkable testimony to the co-operative spirit of the past. The joint ownership of land was a fact and it has been noticed by almost all writers—from the conservative law-maker Maine, to the revolutionary law breaker Marx. In South India land was regarded as common property to such an extent

*The Panjawar society was founded in 1892, thanks to the sagacity and practical common sense of a Punjab village leader who had received no education—Mian Hari Singh. The idea behind it was to preserve by common action about 1,500 acres of land. Such spontaneous co-operative action is natural to the masses.

that it could be sold to strangers only with the consent of other villagers.* A good idea of this institution can be held even to day from a study of what are known as "communidades" in Goa in Portuguese India.

Role of Co-operation in Rousing Mass Enthusiasm

There is a doubt in the minds of some, as to whether it would be possible to use co-operation for rousing the enthusiasm of the masses. We are often told that it is easy enough for the communist to rouse great enthusiasm just because he can use the natural enmity of the landless and the poor against the landlord and the wealthy. As co-operation is not based on hatred and is essentially a weapon of tolerance and self-help we are told that the masses cannot be made to take to it enthusiastically. This is not the correct attitude to take in this matter. We have to remember the important truth that after all much of even the communist reconstruction programme is ultimately based on co-operative and joint action in production and distribution. We have to plan to achieve the same constructive result without the destructive incentives inherent in the methodology of other "isms".

Co-operative Success Requires Understanding of Hopes and Aspirations of the Masses to-day

In carrying the message of co-operation to the masses, we must not make the mistake of looking upon co-operation as just a type of business organisation and nothing more. Co-operation is much more than only a form "business". It is certainly a type of business but it is business with a hope and an aspiration which is truly revolutionary. It can arouse the enthusiasm we want if only co-operative leaders could themselves grasp the hope and aspiration of the masses contained in it. True co-operation properly understood is indeed revolutionary in its capacities and capabilities. It has an educational and spiritual value of the greatest intensity. Co-operation is actually a "way of life" and is not therefore mere business. It can surely rouse the enthusiasm of the masses provided co-operative organisers and educationists themselves possess the conviction, knowledge, and enthusiasm which is required to inspire the masses.

Co-operation as an Indispensable weapon for self-activity of the Masses—Why even Lenin could not Ignore it

We are living in an age where the economic development of the masses necessarily requires a social transformation—a social

*Sir H. S. Maine: *Ancient Law* (Oxford World's Classics) page 218-219.

Co-operation must be used for Organising the Majority

I know there are many to-day who look down upon co-operative farming. These men want only a continuance of co-operative credit and no interference with our small holdings. These men should realise that the small size of the holding has been the root cause of the failure of co operative credit. There can be no future for co-operative credit movement unless we can solve the problem of our small farms through co operative farming and other forms of co-operation. Besides we have to remember that the co-operative credit movement on the basis of small farms of to-day has not been able to help the majority of our poor cultivators. At the most it has been confined only to substantial cultivators—a bare miniority of the total population. The object of co operation is not merely that of making a few rich farmers richer. Co-operation has to be looked upon as a weapon for welfare of the masses. Surely no movement which claims to help the masses but which does not touch the vast majority of our cultivators—from 70 to 90 per cent of the total—can claim to be called successful. Real co-operation for the masses therefore can only begin when we bring into the movement most of our poor cultivators. This can best be done and perhaps can be done only through changes in land tenure and the organisation of co-operative farming societies. Without such far reaching changes I am afraid co-operation will cease to have any meaning for the masses who will be slowly but surely drawn towards movements less worthy but definitely intended to help the poor.

Co-operative Marketing and Consumption

The exploitation of the masses by middlemen is not less significant than such exploitation by absentee parasitic landlordism which we are trying to abolish in States like Bombay. Co-operative Marketing and co-operative sale will have an important place in our life whatever be the degree of State-trading that will develop in future. I have given elsewhere at great length the relation between State-trading and co-operative trade.* Even in the most advanced Socialist States like Russia, co-operation has been found necessary for regulating consumption. It is impossible for any State to determine consumer demand haphazardly. The best way to determine this demand from the masses is to consult the people organised as consumers. In this respect co-operation has a most vital part to play.

*See, "State-trading and Co-operation-with special reference to Agriculture". pp. 139 to 155 No. 2 of vol. XVIII I.C.R.

Co-operation as an Essential Weapon for Decentralisation

The problem of rural unemployment is going to be India's biggest headache. One way of solving it would be to organise a huge network of cottage industries side by side with large-scale industries. Co-operation will have to come to the help of our cottage industry workers—not as it does half-heartedly to-day but in an organised way. This will include proper help from the State against the organised large-scale industry of to-day. The State monopoly of railways will have to be used to protect rural industries by means of a refusal on the part of the State to transport rival competing machine-made goods from cities to rural centres.

Co-operation for Revival of Village Life and Harmony

A very important role which co operation has to play is in the field of arbitration. The organisation of district courts and the growth of a large class of professional lawyers has been a curse so far as our villages are concerned. They have destroyed the automatic check of village arbitration and village public opinion on the rapacity of the *sowcar*. They have also increased the tendency of the farmer to take to litigation. Our village life has been marred in recent years by the very large number of disputes between farmers—on matters such as encroachment of land, sale of land, etc. It is reported that in the Punjab such disputes have led to "pitched battles" which give the parties broken ribs and bleeding skulls. The cost of litigation there was estimated to be Rs. 12 crores annually. This was four times the annual revenue obtained by Government from the cultivator there. The organisation of arbitration for settling disputes—specially on co-operative lines would be a great step forward in rural reform anywhere in India. Given the proper leadership much can be done here. I may refer here to the very important work done in this matter in the Sholapur District by the energetic Collector, Captain Mohite and his assistants. If I mistake not some 2,000 cases were settled by arbitration in a short period of about 3 to 4 months, and even proposals had to be sent for closing down a regular Court.

The need for Constitutional Safeguards for Co-operation

The power of the Village Panchayats of old was based on their judicial authority at a time when our District Courts had not been organised and the Central Government was not interested in solving litigation problems of remote villages. I believe that the best way to revive the power of the Village Panchayat or of co-operative arbitration societies is to entrust them with the final power to decide certain cases of dispute. It is a well known fact that in the Punjab the arbitration societies were given the power to arrive at such final decisions outside the courts of law. But this was regarded as so revolutionary a measure that a summary order was issued by the then Minister (Lala Har Kishen Lal) in 1922 to dissolve all Co operative Arbitration Societies in the Punjab. Such a tragedy should not be repeated and it will not be repeated only when our national constitution itself introduces safeguards protecting certain fundamental rights of co-operators.

Co operation has to Plan the Role Intended by its Real Founder Robert Owen

There is a lot of confusion to-day in understanding the role of co-operation in the economic development of the masses living in a Socialist State. It is unfortunate that amongst the great majority of co-operators there is a tendency to trace the origin of Co operation to the principles of the Rochdale Pioneers. This is by no means its real origin, for which we must go much further ahead to its real founder, Robert Owen, and all that he stood for. Once this is understood much of the real significance of co operation, as a vital and inspiring movement suited to the needs of the rural masses of to day will come to be realised, Strangely enough we have reached a stage in economic development, when we require Co operation somewhat in the sense Owen dreamt of it. The development of laissez faire economy about a hundred years ago destroyed Owen's original meaning and gave co-operation a different significance, but to-day the end of laissez-faire and the rise of Socialism force us to retrace our steps back to the beginning to understand the real meaning of co operation.

Why we in India have to Determine the Exact Relationship Between Co operative and State Sector in our National Planning

The real meaning of co operation to day can be understood only when we realise that co-operation has to develop within the limits of the modern Socialist or Welfare State. Modern life is too complicated for anyone to believe that we can do everything either with the help of the State alone or with the help of co operation alone. There are fields of economic action, where State alone can act and others where the State will be powerless without co operation. There are activities where the co operatives may have to act as even the administrative arm of Government and others where the State will tumble into despotism, disorder and despair without consultation of the co-operatives. It is as absurd for

co-operators to feel that there is no need for the State as for socialists to feel that co operatives are useless. *Neither the State nor the co-operatives can play their proper role in the economic development of the masses, unless and until we have considered carefully the exact relationships between the State sector of our economy and the Co-operative sector. This is an important task in our national planning.*

Co-operative Safeguards for Solving the Conflict Between Security and Liberty

Much caution should guide our way in the future. As the Socialist State gathers strength there will also come the temptation to ignore co operation. The temptation for the State to have everything after its own image is great but it is a temptation that can only end in despotism and despair as we have noted before. As the experience of Russia shows, no State can afford to kill co-operation. It is the duty of the State to understand and respect the conditions of life and work under co operation and the character it builds. In the ultimate analysis there can be no true Socialism without Co-operation. As I have shown elswhere, the best way to preserve liberty without giving up security or the best way to obtain security without destroying all liberty is to organise Socio-Co-operative State.*

*A State where the co-operatives can be helped by democracy to develop and, strengthen themselves institutionally and educationally in time in order to act ultimately as a healthy check on the unlimited power of the State. See my book "*Problems of Zamindari and Land Tenure Reconstruction*" (New Book Company, Hornby Road, Bombay: Rs. 12-8).

CONSUMERS' CO-OPERATION IN U. P.

By

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Consumers' co operation is rather a neglected child in U. P. I know these are rather strong words but these are the true feelings after I have watched them work for about ten years. There has seldom been shown a motive on the part of the co operative department to move continuously, to secure the environment in which the co operative stores may develop on a sound foundation. Regional co-operative officers have tended to take the view that orders including wireless orders of the provincial Government, which sometimes come as a bolt from the blue, should be obeyed by the stores first, though under protest. These regional officers do little may be they are overworked: may be they are unconcerned to promote solidarity, unity and strength among the consumers' co-operative societies. Their's is either a routine-administration or a police-administration. It is at times the view of the regional staff that we should not expect any help or support – in matters of representation—because the co-operative department is a weak department.

Leadership and Education

Outside the department, there is still to be built up a leadership and a psychology which shall result in securing patronage to the co-operative stores from the consumers. There is needed a corps of selfless workers who would act unitedly. There is also needed effort for co-operative education.

Rural Consumers' Movement

So long as we had control on such articles as sugar, kerosene oil, cloth etc, in the villages there was a rather mushroom growth of co operative trade in those articles. The co-operative unions, and in some cases even the primary societies, were distributing these articles. It was like making hay while the sun shines. With the relaxation of controls, these distributive activities have practically stopped in the rural areas. There is no doubt some distributive action undertaken with regard to seed, manure etc., but that is not consumers' movement.

Here and there one can still point to some co-operative consumers' activity. Thus in Ghazipur and Yusufpur the district

federation runs a brick-kiln, and the co-operative union, Daulatpur (Saharanpur) still distributes sugar.

Urban Consumers' Co-operation

In the urban areas, the co-operative stores mostly deal in the rationed wheat and are heading for a crisis. In the wake of decontrol the consumers' stores need reorganisation. The Commissioner for Development and Planning of the State is also the Registrar of Co-operative Societies. He recently took a Gallop Poll on co-operative societies in U. P. So far as the consumers' action is concerned all that came out of it were suggestions for various forms of activities which may be now undertaken by the stores. That indicates where the Government stands vis a vis the future of the stores It is still feeling the ground. I may add that there was recently a State Co-operative Conference and in one of the resolutions passed it has been demanded that the sole rights for the sale and distribution of Government owned industrial goods be transferred to the co operative societies. This shows that the co-operative stores see a future only when they can enjoy certain exclusive legal rights in trading. So far they handled the rationed and controlled goods: now they think of dealing in State owned goods.

It is necessary that those who run the co-operative stores should make a survey of their areas and find out what the complaints of the inhabitants are in regard to the consumption goods purchased. That will be the best indicator of the non-rationed goods which should now be traded in by the stores. Another suggestion is that the stores may take up the production and distribution of goods, whose supplies in the market are more adulterated.

Yet another suggestion is that the provincial Federation or Union or the Department itself should issue a market directory to enable stores to get goods after.

It is true that there is a section which wants to economise in price, unmindful of (slight) deterioration in quality with the result that the co-operative society cannot always successfully sell a better quality at a slightly higher price. But there should be scope for supplying the market variety at a lower price.

A Recent Event

I may refer to a recent event which shows the weakness of the stores and the regional State Co-operative Officers as also a contradiction in the State policy to patronise the co-operative movement including the consumers' movement. Wheat is supplied by the rationing department to the co-operative stores at Rs. 17-1 per maund in the bags of the societies. An urgent wireless Government Order says that it shall be supplied from the first of March *at Rs. 18-1-1 per maund in the hills, and at Rs. 18-7-2* per maund in free government bags. A bag contains two and a half to three maunds of wheat and hence the price per bag of wheat will go up by about 15 annas 3 ps. to Rs. 1 5-3. That is the price of *the used bag which shall be prima facie supplied free.* The used bags can be bought in the market for prices from Rs. 30 to Rs. 60 per hundred, while the concealed payment taken by the Government comes to not less than Rs. 95 per hundred. It was made clear in writing to co-operative stores by the rationing department that if the store does not accept the new arrangement, the rationing department will take away the wheat distribution work from that store. Weak as the stores are, acceptance of the new arrangement means a loss of some Rs. 1,000 per month and non-acceptance (according to the interpretation conveyed to that Consumers' Store in writing) means loss of the grains distribution work. I wonder whether the Provincial Government deliberately intends this "Head I win; tail you lose" policy to transfer the losses on accumulated bags to the consumers stores. Accumulation of bags in the discharge of civil supplies function should mean that the losses on bags be charged to general revenue. Another method of charging it to the public would be to raise the retail price of wheat by an equal amount. The Co-operative Department should have taken this matter up with the Civil Supplies Department at once and the regional co-operative officers should have contacted their headquarters and impressed on them the urgent necessity to arrest the mischief and clarify the issue. Instead I found a regional officer urging on the co-operative stores to accept the new rates, as the only solution to prevent the stores from closing down. I also found the resprsentatives of the stores slightly wavering because they considered themselves to be in a begging position: yet they ultimately proved that they have greater commonsense in as much as that they said that they should act with one voice and offer to accept grains without the bags. All the same it clearly showed the weaknesses referred to the opening sentence of this paragaph.

The U.P. Government, it is reported in the Press, has further decided to reduce the commission given to ration retailers from 4 per cent to 2 per cent. This is besides the action already taken

by the Government to issue bags also for which the charge comes to 15 as. 3 p. approximately and which will, on resale these days, means a loss of about Rs. 1½ per Rs. 100 sale of rationed grains. This will reduce the commission to about ½ per cent only. Compared to this the working expenses come to 3½ per cent. Thus it would mean a net loss of 3 per cent on the sale of ration-grains. If the monthly sales in a co operative store comes to about Rs. 50,000, the loss will be of the order of Rs. 18,000 per year, which the co-operative stores cannot be expected to bear. This will give a great set-back to the co-operative movement, particularly the consumers' co-operative movement. Besides, the quality and the price of these grains in the market are likely to move in a direction adverse to the public interest and cannot be justified unless the Government wants to acclimatise the public to pay higher prices or clear the stocks before complete derationing.

Emphasis on Production

The Deputy Minister of Co-operation in U- P. has said that the consumers' co-operatives have built up certain amount of funds and have also gained experience which can be diverted towards the regeneration of these (cottage) industries. As controls are being gradually abolished they should take up new business of indigenous nature, *e.g.*, leather-work, brass-work, knife making, lock-making, durry and carpet-making, growing of silk worms etc., as and which suited them. In rural areas they should try co-operative farming and cater to the special needs of the cultivators *e.g.*, agricultural implements, manure, plant-protection etc.

This would seem to show that the Government does not consider an expansion of consumers' movement and wants that the stores should become producers' supply societies. Instead one expected that the Government shall realise the growing importance of co-operative consumption and stress the growth of consumers' federations in the districts to enable wholesale purchase of consumer goods, that they shall exhort the stores in any area to act collectively and jointly in procuring their supplies.

There is no objection to the undertaking of production functions by the consumers' stores provided they can easily dispose off their production within their area of operations. For production function involves the problem of organising production and organising sales. In some fields where adulteration may be great and the stores may find it difficult to secure pure supplies, they may undertake production provided they are sure that the produce shall find a market at a price covering their cost of production. Yet so far as the rural areas are concerned, there is some justification to help the farmer in purchases—whether for consumption or production and therefore the emphasis on a change-over.

Still Hopeful

All said, I still maintain that the consumer in this State is getting educated. If those organising and running the co-operative stores realise more clearly their role—important role—which they can now play, the history of the consumers' movement shall be different from what is forecast by the pessimists.

CONSUMERS' CO-OPERATION IN TRAVANCORE

By

K. G. GOPALAKRISHNAN,

Secretary, The Travancore Co-operative Institute.

Co-operation in Travancore owes its origin to the Co-operative Societies Acts of 1904 and 1912 of British India. In 1914, the Government of Travancore took the initiative in introducing the movement in this State. At first, it was thought that agricultural credit co-operatives would solve most of the pressing problems of the agriculturists especially of getting cheap credit. With this idea in view, co-operative credit societies were organised in the rural and urban areas. After a time, as a result of the propaganda carried on by the Officers of the Co-operative Department and non-official workers in the movement almost all types of co-operative organisations that are seen in other parts of India have come into existence.

There would be nothing particularly noteworthy or extraordinary about this movement in Travancore to an outsider who reads the administration report of the Co-operative Department, when he compares the same with that of neighbouring A or B States of India. The general progress is proportionately the same.

On 30th June 1952, there were 2,102 societies in the State, the total membership in all the societies being 2,93,221. The total working capital in the year was Rs. 1,64,43,791, the average working capital per society being Rs. 7,822. So far as the number of societies and their membership are concerned the position in Travancore may look somewhat satisfactory. But in respect of working capital in the movement the position is by no means encouraging. This has been the position, year after year, ever since the inception of the movement, here. The reasons for this state of affairs have often been erroneously attributed to the low economic condition of the lower middle class people who constitute the majority of the members. Lack of faith in co-operation is the main reason for this. The advancement of Western education has brought in its wake the craze for capitalistic enterprises. Many European Companies had their branch offices in the State. Some of them had plantations and estates and the others had mills and factories of their own working at important centres and ports of the State. The educated Travancorians who had many occasions to come in contact with these well established and efficiently managed companies had imbibed the spirit of Joint stock enterprises and were enamoured of the potentialities of Joint Stock Companies.

The Joint Stock Company Regulation was enacted in the State in 1888 *i e.*, 26 years before Co operation made its first appearance. In 1914, 130 Joint Stock Companies were functioning in the State. Most of the Officers in Government Service and people in independent professions were Directors, promoters or share holders of one or more of these Joint Stock Concerns. The main outlook had been to earn 50,60 and even 100 per cent profit. Co-operation, naturally did not attract them and they kept away from the movement. This position has not been materially changed in any way. This can be clearly gauged from the fact that 2,045 Joint Stock Companies including 368 Banks got registered in this State within the last 6 decades from 1888 to 1947, 523 of these Companies including 21 Banks being registered during the II World War from 1939-1948. Profit motive and the consequent speculation is still rampant among the higher as well as the lower strata of the population. This is the main reason for the dearth of funds in the Co-operative Movement.

In common with other parts of India, credit co-operatives were encouraged till recently. It was only during the II World War when the Government took precautionary measures in the distribution of food-stuffs and such other essential commodities like kerosene and sugar by the introduction of control and State-wide rationing that a wave of enthusiasm spread amongst the co-operatives of this State that gave great impetus to the formation of Consumers' Co-operatives.

Travancore was one of the first States that resorted to State-wide rationing when the normal trade channels were blocked by the ravages of War. Being a very deficit State, it has to depend on imports from other States or foreign countries. Rationing is still in vogue here and will continue till the problems of supply of food-stuffs is definitely and satisfactorily settled.

The Government of the State was pleased to entrust the work of distribution of controlled commodities especially food grains, to co-operative societies when State-wide rationing was introduced. Being a people's movement certain concessions and preferential treatment were shown by Government in this regard, such as exemption from depositing security amount, sanction to credit societies to function as stores to deal in food-grains, and the right

to sell articles to non-members. Only good and efficient societies were selected for this work. Nearly 900 societies conducted ration distribution and 1/7 of the aggregate number of Ration Cards were with the societies. In the beginning during the first two years, co-operatives did this work splendidly in a spirit of social service. Afterwards gradually the aspect of social service was lost sight of, and many pocket societies came into existence with the sole motive of exploitation and profit-making. Those who stepped in with such societies were actuated by profit motives and they did not hesitate to go to any length to please the authorities of the Revenue and control departments to gain their ends. It was not on account of the defect in the movement that such an unhealthy development has taken place, but vested interests have got the better of the situation. As a result of this, many pocket societies are now masquerading as Co-operative Ration Depots and Distributive Stores.

Most of the societies working in the sphere of distribution are engaged in the distribution of controlled articles. Consumers' Stores as such are comparatively very few. The premier consumers' co-operative society is the Trivandrum Co-operative Distributive Society Ltd., No. 4 which corresponds to the Triplicane Urban Co-operative Society of Madras. This Store Society is almost as old as the movement in the State and it is carrying on distribution of controlled articles, condiments, oil, sugar, and fuel. It has a net of ten branches in the city. The sole monopoly of sugar distribution was for sometime given to it. At present Government have given forest coupes on lease to the Society and the Society is carrying on Taungya cultivation as well as distributing fuel at cheap rates in the City to the entire satisfaction of the consumers. The Society has three lorries and its own buildings and godown in the City.

In the sphere of Consumers' Co-operation in the State, the Handloom Weaving Industry and the Weavers' Societies have played an important part. The sole right of distribution of yarn is given to co-operative societies. But the right of wholesale import of yarn is given to private companies and individuals also. The Travancore Sreemoolam Handloom Weavers' Central Co-operative Society is the Central Society for the development of Handloom Weaving in the State. This society distributes yarn, takes back finished goods and tries to help the weavers' primaries to market their goods. For a time, this society used to be given all kinds of patronage by the Government but now it is left to stand on its own legs. Due to the slump in the yarn market and difficulties to market handloom goods, all the Weavers' Societies are passing through difficult times. The Cottage Industries Board in the State has promised to subsidize the Central Society to market goods but the scheme has not yet fructified.

The Trivandrum Milk Supply Co-operative Union is a Union of primary milk producers' societies that started work very recently. It handles milk received from the primary societies and distributes pure milk to the consumers everyday. About 2,000 lbs. of milk is distributed daily. The Union also deals in by-products of milk and it is also running a Milk Bar.

Another type of Consumers' Society working in the Capital City is the Travancore Co-operative Medical Store which sells drugs and medicines at cheap rates to the public free of Sales Tax. The Society undertakes to pay Sales Tax to Government from its own funds.

There is yet another type of Consumers' Store working in the City of Trivandrum. It is the University Co-operative Store Ltd., which stocks text books, note-books, sports-materials, laboratory equipments etc., and distributes the same to the students and other members. Rich bonuses are distributed to the students. This University Store has opened branches in almost all the Colleges in the City and it is doing flourishing business. The following figures will indicate the volume of business of some of the important consumers' societies.

		Rs.
Milk Supply Union—	Purchases ...	2,16,035
	Sales ...	2,38,280
University Stores—	Purchases ...	3,03,644
	Sales ...	3,23,534
The Co-operative Distributive Stores Ltd., —	Purchases ...	11,27,139
	Sales ...	12,85,876
Medical Stores—	Purchases ...	3,71,186
	Sales ...	4,14,987
Sreemoolam Weavers' Society—	Purchases	13,61,282
	Sales ...	1,42,55,766

A portion of the manure distribution was also entrusted to co-operative societies by the Government and in the main this work is being done satisfactorily. But there have cropped up certain difficulties. Recently Government have decided that manure

will be given to societies only on cash purchase basis; secondly commission earned by societies by way of manure sales is not promplty paid to them. All kinds of obstacles are placed in their way and societies are deprived of the chance to get the commission earned for hard work. The attitude of the authorities, especially of the Agricultural Department, is not helpful to the societies.

There has been no fruitful attempt to start wholesale stores to feed primary consumers' societies. The Government of the State is not evincing any keen interest in improving or developing the Co-operative Movement, nor have they any settled plan or programme for it. It is years since the last co-operative enquiry under the Chairmanship of the late Sri G. K. Deodhar was conducted. Though it is high time to appoint a Committee and conduct an enquiry into the present condition of the movement, even after repeated requests, nothing has been done. But without consulting the co-operative workers and ignoring the existence of central institutions, Government have in recent times brought forth certain co-operative schemes and introduced them peromptorily. Of course in so far as the public interests are concerned they are good and every body will be glad to work out these schemes and co-operate with the endeavour; but all these schemes lack planning and are conceived hap-hazardly. Some of these schemes are Co-operative Housing, Co-operative Milk and Milk Board, Coir Co-operatives, Palm-Gur Societies and the like. Big monopolists and vested interests have organised an Agricultural Society at Kuttanad for agricultural operations. These are styled co-operative though they lack many of the fundamentals of Co-operation. Rubber owners, lemon grass growers etc., are all sought to be organised into co-operatives but the ideals and principles that ennoble the movement are often lost sight of. Co-operation among the rich and upper middle classes seems to be forging ahead, and Government have been evincing interest in this direction.

The only proper course to rehabilitate and revivify the Co-operative Movement in the State is to appoint an Enquiry Committee under the Chairmanship of a distinguished Co-operator and to implement the recommendations of such a Committee in all earnestness. New developments to mobilise the movement for the benefit of agriculturists and non-agriculturists alike can be brought about only by such a course. The masses should be re-awakened to a new consciousness of true co-operative spirit rooting out the Joint Stock outlook and profit making motive that is now dominant in them, if a new era of Co-operation has to be created in the State. A sense of social brotherhood has to be created and the individualistic mentality of making one-self rich and prosperous at the expense of his neighbours has to be changed to a broader and more liberal outlook of improving oneself along with his brethren. Only a new vista of economic security and Co-operative brotherhood can permanently solve the diverse economic problems now facing the country. Correct lead has to be given by the State in these matters.

CONSUMERS' CO-OPERATION IN MYSORE

BY

Y. SRINIVASAYYA

The Co-operative Movement in Mysore was started in 1905, when the first Mysore Co-operative Societies Act was enacted. The law in Mysore was wider in its application than the British Indian Co-operative Act of the time and allowed the formation of not only credit societies of both limited and unlimited liability but also consumers stores and central societies. Though the rural societies were generally credit institutions, the societies in urban areas in numerous cases included among their objects not only provision of credit to members but also supply of their domestic requirements. The very first society origanised in 1905 in the State was the Bangalore City Co-operative Society, which has been both a credit as well as consumers' society from its start.

Though the movement is thus nearly half a century old, the progress it has made is not commensurate either with its age or with the requirements of consumers for various reasons. Whereas in the western countries the consumers' co-operative movement was a working class enterprise, here in Mysore it was composed of members belonging to all vocations in life, and people from the poorest to to the richest class were eligible for admission to membership and hence people of all standards of wealth, office and education become members of the same society, especially in the urban areas. Therefore there was no homogeneity in the membership, and different groups have different views about both the objects of their stores as well as about the means of gaining their objectives. Thus there was more conflict of views between groups of members in the same institution and its development was not possible for want of general agreement even on essential points. Hence the past history of many of these stores societies discloses their rise and decline periodically and most of them are carrying on the business in a routine manner without substantial development either in their membership, working capital or volume of business. Each society was thus an isolated organisation struggling to keep itself sound and safe from a business stand point, avoiding the risk of running into a loss; and the idea of better and greater service to the members is neglected. The majority of the members look upon the stores as a mere shop wherein they get near the homes certain conveniences as regards weights, measures and quality, but they never view it as a centre where they should work in such a way as to obtain at least gradually their domestic requirements at more advantageous terms than in the retail shops, eliminating middlemen on the one hand and on the other producing whenever possible articles necessary for their own use as cheap as possible. Consequently there is no pursuit of the policy of either the individual societies increasing their membership and resources to the extent required to obtain goods at the production centre on the best terms or undertaking the manufacture of some of the simple articles of domestic use, or of federating themselves to secure the volume of capital and custom required for obtaining goods on a large scale at cheaper rates. There are very few amongst the members who hold the view that the Co-operative Consumers Movement has a social object also of increasing the standard of living of the people in general without increasing, but reducing the cost of living. Most people think that the co-operative stores is established to save the members the trouble of going to distant market place to buy their domestic requirements. Consequently the view is held that a stores is the concern of the few who, living in a compact area organise it for their own domestic convenience, and that it had nothing to do with other co-operative stores or co-operators. Therefore the object of each one who becomes the member of the society is merely personal convenience and the utility of the stores is measured by the extent by which each one derives advantages personally to himself. Consequently the spirit of each one is one of securing personal advantage to himself and and the view that each one has to strive also for the welfare of the community as a whole is conspicuous by its absence.

The movement is therefore in need of proper outlook and leadership. The bulk of the members naturally put their faith in the leaders and if only there is correct lead, there is every prospect of the development of the movement within a short space of time.

The people generally prefer to buy in a co-operative organisation rather than in a public shop. Public opinion is favourable towards a co-operative stores. If only the co-operators who have taken the responsibility of managing and carrying on the business of these stores make up their minds to go out of the ruts they are moving in now, and adopt the course in vogue in countries where consumers co-operation has been advancing and has taken deep roots, the movement will progress very quickly and satisfactorily.

Consumers Co-operation which was mainly an urban movement in Mysore State, till recently, has now spread into rural parts, especially ever since the multipurpose societies were organised about four years back. There are 82 taluk multipurpose societies and 746 circle multipurpose societies in the State spread over the whole State. Though a few of the older rural credit societies which were entrusted, before the introduction of the multipurpose societies, with the distribution of controlled goods, such as food grains, mill cloth, agricultural implements and chemical manure and other goods, continue to work as stores societies, the bulk of the business of distribution of these articles is carried on now by the multipurpose societies. During the period when there was control of the essential goods in the State the sales of these societies amounted to more than 4 crores of rupees per year. Though the control of food grains in rural parts is now lifted, many of these multipurpose societies are carrying on their business fairly well though on a reduced scale. The figures of Mysore District in this connection will throw some light on the extent of the services rendered by these multipurpose societies as consumers societies. On 31-1-1953 there were 10 Taluk Societies and 83 Circle Societies in the Mysore District. The Circle Societies purchased goods worth Rs. 7,81,500 during the year and sold articles to the extent of Rs. 8,35,900 and made a net profit of Rs. 54,450. The average sales of each circle society comes to more than Rs. 10,000 per annum. The organisation of the multipurpose societies has thus introduced consumer co-operation into the rural parts. It is no doubt supported by the Government to a large extent by the grant of subvention as well as lending the services of government servants and also otherwise. Still though it cannot be said to be a self-supporting movement standing on its own legs, it has nevertheless helped in some places the development of some societies which are strongly placed in capital and volume of business and are fully self supporting. It only requires now a team of co-operative leaders who consolidate the present strength of these societies and make them take permanent and strong roots. The Government has to take the proper lead in the matter. It is necessary to employ special officers to give proper guidance whenever and wherever necessary in rural parts to the workers to follow the approved co-operative policy and guard against the decline and weakening of the movement. Those officers must also be first trained before they are entrusted with this work as by employing persons not possessing correct knowledge of the approved principles of the movement more harm than good results as is proved by many instances.

The multipurpose societies are intended to be combined organisations of both producers and consumers and thus the ideal part before them is also the organisation of marketing of local productions both agricultural and of cottage village industries on the one hand, and of distribution of consumer goods in demand by the people of the locality on the other. The marketing side has not developed sufficiently though in some of them, the business in that respect is being done to some extent.

The stores societies in urban areas are rendering some good service, but many of them are not individually strong enough to render sufficient and efficient service to the members. Societies which have also credit section and advance loans to members are able to carry on their business in the Stores Section with the aid of the profit they make in the loans section. But the simple stores societies are rarely strong enough to meet their working expenses. Unless they are federated and they pool their resources to make joint purchases for mutual distribution, there is no hope of the quick development of the movement in the State. The Provincial Co-operative Marketing Society was formed about eight years back to be a Federation of both producers' as well as consumers' societies of the State. Though hundreds of societies have become members of it, the transactions carried on by them with that society are individually speaking negligible. The primary stores societies have not sufficiently realised that for securing proper and satisfactory service from the organisation they have to strengthen the financial resources of it. Every one of them demands efficient service, but very few of them constribute sufficiently towards the necessary capital of the institution and they subscribe to a few shares only in the majority of cases. The Marketing Society cannot borrow all the capital required to carry on its business as the working expenses naturally swell with the interest payable on the loans and thus the cost of the articles becomes proportionately higher. Therefore the Marketing Society will not be able to compete successfully with the wholesale merchants who can afford to sell at a slightly lower rate. This attitude on the part of most of the primary consumer societies is one of the main causes of the inability of the consumers co operative movement in the State to expand in spite of the popularity of the Stores Societies amongst the individual members.

There is no effort made by the co operators to popularise the basic principles underlying the philosophy of consumers' co-operative movement. The benefit of its progress at any rate to the poorer and middle classes is not sufficiently realised by the people as a whole. The few who believe in the cause are in such a small minority that their voice is never strong enough to make an impression on the minds of the people in general. Public workers do not find work in the co-operative field to be so attractive as in the political field. Thus the cause suffers for want of propaganda. This new method of carrying on the business of providing the domestic requirements of the people of the country cannot be grasped well by them unless it is preached. Therefore the cause needs the support of the enlightened people in sufficiently large numbers to carry the mission at least to those who are entrusted with the running of these stores societies. Both the full time staff and the directorate require in a large measure of guidance in this respect. It is often experienced that most of them are indifferent to even hear what others say about it as many of them feel that they are sufficiently well informed to carry on the business and there is nothing new to be learnt. Thus the business is carried on often as in a capitalistic private shop, and without any respect to the consumer co-operative principle and practice.

Though the ideal of the present democratic Government of India is said to be the establishment of the co-operative commonwealth in it and the International Co-operative Alliance has propounded that the organisation of consumer co-operation on proper lines is necessary to reach this goal, sufficient attention is not being given to consumer co-operation either by the central or provincial Governments. The food problem on the one hand and raising of the standard of living of the rural community on the other has made the Government concentrate its attention exclusively on productive agricultural co-operation and sufficient interest is not evinced in the development of the consumer co-operative movement in the urban as well as rural parts.

Some of the stores societies which were successfully working in the past are faced now with a grave situation on account of losses in the working. The increase in wages in the country as a whole, has obliged the societies also to increase the wages paid to their employees. The volume of office work in a consumer society is greater than in others; for accounts of both stock and cash have to be maintained and checked day by day to prevent shortages which otherwise occur. It therefore necessitates employment of a greater number of hands in them than in credit societies of similar capital and number of members. In some stores societies which have credit section also, the considerations of economy and prevention of losses year after year in the stores branch have made them close their stores section either partially or wholly.

The staff employed are not sufficiently trained and some of them succumb to the tempration of yielding to the opportunity they have to abuse their position for personal gain and to act against the interest of the organization. The moral standard of the employees in numerous cases has deteriorated. The resources of the societies are not sufficient to pay heavier wages to them so as to keep them above temptation or attract people of higher moral and intellectual calibre to their service.

The control of the staff is entrusted to one of the directors who is either the President or the Honorary Secretary or the Managing Director as the case may be. He is not a full time man, and is not generally able to spare more than a short period of his leisure to attend to the duties of his office every day. Thus he cannot check the staff to the extent required which is possible only if he is on the spot for a substantial portion of the working hours. To remedy this defect the Government have passed a rule to the effect that in societies, both consumers and others, the secretary shall be a full time qualified paid hand if the capital exceeds one lakh of rupees. How this system is going to work is being watched. In the interest of this branch of co-operation the Government has to employ in the co-operative department separate officers to devote their time and energy exclusively to the supervision and development of the consumer co-operative movement just as they have a District Co-operative Inspector to attend exclusively to the marketing of agricultural products.

In some urban areas there are numerous consumer stores. The prominent amongst them have to take the lead to induce the others to form at least a local federation and convert the consumers to the faith in the benefit of such federations.

Both the Government and the Co-operative Institute should combine together to start a training centre for service in consumer co-operative societies and give training to a sufficiently large number of persons every year so that the stores societies may have trained hands available always in sufficiently large numbers to be selected and employed by them. The consumers societies should be made to contribute annually a certain portion of their net

profits to meet the cost of this training centre. The Government should pay a grant in aid liberally for the expenses of this training organization.

It is therefore necessary now to consolidate the present strength of the co-operative stores societies in the State both rural and urban and find means of pooling together their resources, both in capital and trade, so that their combined strength may be utilised to better advantage of the consumers of the country. Though this principle is accepted by all, the Agency which has to undertake the job is not discussed as yet. Government considers that the job is of the people only, and the people assert that it is the responsibility of the Government. Thus no action in this direction is taken by either of them.

The stores societies in the State are sufficiently numerous and widespread to make such a pooling both practicable and advantageous. There are primary stores in the urban areas which sell goods worth lakhs of rupees per annum. The Basavanagudi Co-operative Society of Bangalore sells goods worth about 14 lakhs of rupees per annum inclusive of rationed grains and sugar. There are many stores attached to industrial mills such as Bhadravathi Iron Works Stores, Maharaja's Mill Society, Krishnarajendra Mills Society, Railway Co-operative Society, Postal Co operative Society, Electrical Office Society and so on which do fairly large volume of business. There are some Ladies' Societies here and there. Milk Co-operative Societies are started latterly in some places especially in Bangalore and Mysore cities. A special society to obtain medicine on wholesale terms and sell to the patients of Princess Krishnarajammanni Sanatorium in Mysore was formed a few years back. Though it had on its roll only 134 members and paid up share capital of Rs. 2,700 only, its sale was Rs. 66,780 last year and the net profits made was Rs. 6,028. It has already built up a reserve fund of Rs. 7,025.

Similarly the fuel vendors have formed a society to sell fuel to the consumers. This society in Mysore City sold fuel worth Rs. 25,937 and made a net profit of Rs. 4,182 last year.

Thus a wide field is now occupied by different varieties of trading societies which if combined can do better service to consumers than now.

Even in the Mysore District where the consumer co-operative movement is not so strong as in the Bangalore district, the total sales last year exclusive of multipurpose societies came up to

Rs. 17,52,414 and resulted in a net profit of Rs. 21,259. Thus the total sales of stores other than multipurpose societies in all the nine districts put together come up to more than one and a half crores of rupees. This is a sufficiently big volume of business to make it advantageous to join together for rendering better service to the consumers.

The unsteady market conditions especially in the cloths section has made stores societies undergo losses in many cases now. For want of proper guidance and lack of experience in the business field, many of the smaller and weaker societies are about to land themselves in a grave situation. If there were a Central Co-operative Consumers Advisory Board to study the trend of business and send periodical bulletins to the stores societies, for their guidance, the harmful effects of heavy fall in prices could have been averted to some extent. But no joint action is as yet attempted by co-operative stores here, and as such every one of them has to suffer the consequences of isolated existence.

Though the administrative and business side of the consumer co-operative movement requires the attention both of the Government and the co-operators for their reforms and improvement the brighter side of it is that the bulk of the people especially in towns and cities have developed their confidence in the consumers' societies and whether they are members or non-members they prefer to buy the goods they require in a co-operative stores rather than in other shops unless the prices and quality are extremely disadvantageous in the co-operative stores. If only the bulk of the people are made to grasp the advantage of building up the capital by their own contributions at regular intervals, however small they may be, and thus strengthen the capital position of the movement, day by day, the progress and development of the movement are assured.

Many people still clamour for obtaining goods on credit. They are dissatisfied whenever they are refused credit. If the benefits of cash purchases are realised by them a greater number of persons come into the co-operative consumers fold and strengthen its position. Propoganda in this direction is required. The people are thus ready to accept the service of consumer co-operation. The co-operators should therefore take full advantage of this favourable attitude of the people and the Government should give its aid also to the societies and the workers to strengthen this branch of the co-operative movement.

The year 1955 will be the Golden Jubilee year of the co-operative movement in the State. If only by that time the consumers co-operative societies become combined effectively to purchase the main requirements of the people in food and cloth at least in a Central Co-operative Organization of which they are all members, the people of the country will rush into the movement in greater numbers and the success of the Movement will be assured. Let us hope the co-operators of the Province will spare no pains to exert themselves to attain this ideal even from now, and make the cost of living cheaper and the standard of life higher for the people both in urban and rural areas.

CAUTION TO BROTHER CO-OPERATORS AND UTTAR PRADESH GOVERNMENT

By

SATGUR PRASAD CHAUDHARI,
Joint Secretary, All India Co-operative Union
and Vice-President, U. P. Co-operative Union.

The co-operative movement in our country was originated by the initiative of the State unlike in the other countries of the world. The leaders of people usually take initiative in starting the movement to give a spontaneous growth to meet the common economic needs of the people. In contrast to this fact the State here has sponsored the co-operative movement. It is responsible for the growth of the inferiority complex which has been the main cause of hampering its progress It has thus failed in raising the standard of living. *Co-operation continues only as a policy of the Government rather than a movement of the people run by the people and for the people.*

The object of making co-operative institutions popular in the sense of their being institutions *of the people and for the people* has been frustrated practically after the enforcement of *Diarchy and Provincial Autonomy under the Constitutional Reforms of 1919 and 1935.* The Provincial Co-operative Acts which replaced the All India Co-operative Act of 1912 have further strengthened official control.

The running of the co-operative movement under practically official *aegis* has robbed it of its popular character and killed initiative and sense of responsibility among those for whose benefit the movement has been initiated. The people who are inspired with national ideals, and non-official workers who cherish the idea of freedom and self-respect feel embarrassed in taking part in this officially controlled movement.

The statutory functions of the Registrar such as registration, inspection and audit etc., if exercised in right earnest will be helpful. But I feel that in exercising his function the Registrar interferes with the non-official initiative and enterprise. The non-officials feel encroachment on their rights. Under the present system the Registrar has failed in his original role of friend, philosopher and guide to non-official co-operators. Rather he has taken the role of the Inspector-General of Co-operative Police.

This is a painful observation and impression of non-officials after a lapse of nearly 40 years of the movement in the State.

What is the remedy? I am of the opinion that the Co-operative Societies Act at present in force is now out of date. It should be completely redrafted. It is perhaps worse to-day than when it was enacted in 1904.

Though the co-operative movement is considered as a potential factor in rebuilding the economic structure on the basis of Co-operative Commonwealth, which has been accepted as the aim of our young Republic, it has not been given the importance it deserves at Cabinet level and even in legislature by the ruling party. It has been treated as a minor subject. We expected that the State would have a separate Ministry of Co operation or a Ministry chiefly concerned with Co operation, secondarily dealing with other portfolios. Instead we find that Co-operation is treated as a minor portfolio though it is a technical subject and naturally Government had to lend its weight to the Registrar's proposals. The Registrar should be the most senior and efficient officer of the State on whom will fall the burden of bringing about the economic betterment of such a large State having a population of 6,32,51,626 people. It is regretted that even the resolutions regarding services which were passed at the F.A.O. Technical Co-operative Conference, held at Lucknow in 1949, have been flouted. In order to have permanently the benefit of the departmental Officers in the Co operative Movement it will be better if Government adopts the principle of closed service in the Co-operative Department, as is done in some other States. It will be no good to make it a dumping ground of such officials who did not do well in other departments as for instance the merger and transfer of the R. D officials and Supervisors with the Co-operative Department who brought bad name to the movement.

The power rests with the Registrar for registration of societies and amendments of by-laws, supervision, inspection and audit. He issues circulars which acquire the force of law. He also holds power of regulating investments of surplus funds of societies. Despite all these powers of control with him, he or his officers are not responsible and answerable, in case a society fails. It is the members' sins of commission and omission that are responsible. The Government and its officials are immune from all liabilities and blame.

This gives impetus to the official to interfere in the non-official affairs to the extent of imposing the official will in regard to even amendment of by-laws. In the interest of the movement, co-operatives are required to have some clear line of action. It is time for persuasion and not any method of coercion. The enthusiasm of worker is not properly utilised. I have got no quarrel with those who advocate increased Government and official control. All I insist about is its results which have proved harmful. The increased departmental control and decreased responsibility of the officials will result in deterioration and will frustrate all future development programme. If Co-operation is to succeed it must not be strictly tied up with official control.

It is pleaded that State financially helps the movement on a large scale and hence it demands greater and stricter control over co-operative organisations. The State will be justified certainly in seeing that the grants it makes are properly utilized. But it cannot justify to have its hand over the society's management as well. The State makes large grants to private educational institutions, local bodies and large-scale industries. But there Government claims no substantial control over their internal affairs. Therefore, the justification for greater and permanent control over co-operative movement does not arise. The Government control robs the movement of its autonomy and freedom and undermines moral influence which it is expected to excercise over the masses.

The movement must be run more and more by the people themselves. The State should asist, guide and train up the workers with the collaboration of the P. C. U. and not to establish a permanent control over the movement. It will not be out of place to quote here the decision taken by the Government of India in 1914 when it laid down the policy in respect of the Co-operative Movement in the following words :—

"Not only is it the case that work done by a large centralized department tends to become mechanical and listless but the movement must in its essence be a popular one and nothing should be done to weaken the feeling among Co-operators that it is not based upon self-reliance and independence. Government therefore in the best interest of the movement must not allow Co operation in this country to become an official concern managed by State establishment." Let me give a quotation from an eminent Co-operator belonging to America, Dr. James Warbasse: "There can be no such thing as State controlled and

administered Co-operation. It is an impossibility ....It is hypocracy for a Government to represent that it is doing Co-operation a kindness to take them under the limbs of the State. It is the sort of protection that smothers."

The Co-operative Movement is not a movement of this Uttar Pradesh State only; rather it is an international movement. It was started in western countries as early as 1750 whereas in India the movement took its birth by passing the All India Co operative Act in 1904. It is evident from this how late the movement started in our country and how slowly we are moving. In the year 1869 the first Co operative Congress was held in London whereas we had our first Co-operative Congress in Bombay in February 1952. It will not be out of place to mention here that in 1918 co-operative members were returned to the British Parliament whereas under the constitution of India there is provision to nominate, under article 171 clause (5) sub-clause (e) of clause 3, persons having special knowledge or practical experience in respect of such matters namely Literature, Science, Art, Co-operative Movement and Social Service. But in the name of His excellency the Governor of our State 12 persons under the above provision were nominated among whom no person from the Co-operative sphere has been taken.

It shows the desirability of giving importance to the Co-operative Movement though it has become a common practice to use the word Co-operative Commonwealth now and then.

I am finding the question of pooling, co-ordination, and integration on the lips of all concerned. But I would like to alarm the non-officials and the Government that it is a dangerous move. Co-operation is not this Uttar Pradesh State's affair only; rather it is an international movement and any decision on its fundamental principle should be in consistence with the decision taken by various Conferences, Congresses and Committees which were set up by various Governments on Co-operation.

Co-operation is a technical subject. Its integration and pooling with any other department will cut the very basic principle and will hamper the future of the movement. Over-zeal of some officials to merge the co-operatives with others, I fear, will prove disastrous. It will hard hit the 5 year plan of the Government of India where they have estimated the total expenditure of Rs. 2,069 corores. Our State Uttar Pradesh will share the expenditure to the extent of about Rs. 100 crores 40 Lakhs.

In our State we have got popular Congress ministry and no-body can doubt its sincerity for the better development of the people. But it is a question of approach and method.

All this talk of pooling, coordination, merger and integration is said to have originated from the anouncement made by our Chief Minister, Hon'ble Sri Pt. Govind Ballabh Pant, last year in the Assembly. The Chief Minister, I am sure, never in his mind had that pooling and integration should be carried to such an extent that the movement should collapse. The persons who are responsible for pooling and integration may have no idea of co-operation technique and procedure and they have carried it to the dangerous extent. A new pronoucement from the Chief Minister is urgently needed to halt the pooling and integration to revise the lost position and thus save the movement from disaster.

Numerous plans are made and resolutions are passed with no effect. For instance, I draw the attention to the above decision of the Government of India which was taken in the year 1914. It has not been given effect to in our State. Before Government takes a final step of merger, pooling, and integration, it is my suggestion that authoritative opinion expressed by a convention of select Co-operators of India should be acceptable to the Co-operators and the Government. In the mean time the Government and the department should study the opinion of the All India Co-operative Union, International Co-operative Alliance, I.L.O., F.A.O., R.A.O., and UNESCO. The officers have no right to take such an independent step and overthrow all the authoritative resolutions and decisions of the past.

The importance of the Regiterar has been very clearly expressed in F.A.O. Technical Co-operative Conference which held its session at Lucknow and in Co-operative Congress and on various other occasions. It is inconceivable here how the Government can justify the amalgamation of the Registrar's duties with those of the Planning and Development Commissioner. For ready reference extracts from Maclagan Committee Report on Co-operation may be quoted regarding the Registrar's duty.

"In order to fulfil his duties he must be continually studying Co-operative Literature, which is now most extensive; he must make himself acquainted with economic conditions and practices both throughout India and in his own province; he must know the principles and methods of joint stock banking; and must examine the system of developing thrift and inculcating co-operation

which have been tried in other countries. He is also head of a teaching establishment, and must devise effective means for impressing a real knowledge of Co-operation on the bulk of the population. He has further to control a large staff, to draft model bye-laws and rules to collect statistics and write reports, to advise Government on various subjects, and to keep in close touch with the higher finance of the movement as managed by Provincial Banks and Central Banks. In addition to this he must attend Conferences, Co-operative and Agricultural, must keep in constant touch with markets, with honorary organisers and other well-wishers and various departments of Government, and must undertake a certain amount of writing and reading for the official press and for Co-operative Journals. As Mr. Wolff has put it on us, the Registrars should not be set down as officials, but as guides, philosophers, and friends to the societies, appointed and paid by the State. It must further be remembered that there is no finality in the Registrar's work and he can never feel that it has been cleared off and brought up to date.

He will always feel the need of wider reading and of giving more and more supervision and teaching to his societies. New means and methods to attain fresh ends must constantly be discussed and devised. His work is, moreover, highly responsible involving a watch over large sums of money deposited by the public and a share in the responsibility for the economic fate of a province. It can well be realised that few officers are entrusted with work more serious or more exacting."

In the matter of Co-operative policies and problems the State Government should consult the Provincial Co-operative Union which is the right authority to give its opinion.

On hearing that a joint Registrar's post is created and the duties of the Registrar have been merged with those of the Planning and Development Commissioner the Provincial Body of the P. C. U. adopted on 15th Decmeber, 1952, the following resolution.

"This 42nd meeting of the Provincial Body of the P. C. U. expresses deep concern over the step taken by the State Government which has repeated its mistake of 1931 when it had committed in amalgamating the duty of the Registrar of Co-operative Societies with the Director of Industries. On realising the mistake the Government had restored the independent position of Registrar.

After twenty-two years' gap in 1952 again Government is undermining the R. C. S. position by merging his duties with the C. P. D. and thus it is repeating the blunder of 1931.

It is strange that Maclagan Committee Report, 1915, Central Banking Committee Report, 1931, All India Co-operative Union Resolution, 1945, F. A. O. Technical Co-operative Conference recommendations of 1949 and first All India Co-operative Congress resolution of 1952, all have been flouted, in which they have expressed the view to give importance and in the interest of progress have felt necessary to have Registrar's position independent to manage the Co-operative affairs.

Hence, this meeting resolves the restoration of the independent position of R. C. S. all with a view to safeguard the basic principle of Co-operation and to make planning a success ".

The question is whether Co-operatives will be run by the development or development will be run by co-operatives. It is agreed in the 5 Year Plan that Co operatives will be the basic channel for executing the development plan. Then how can U. P. Government justify in undermining the Co-operative position.

I am confident the resolution must be receiving due attention of the Government and I am also hopeful that Government will not lightly take the decision of the committee. I am sure it will not be misunderstood by the Government and officials, as it is a question of basic Co-operative principle and it is not concerned with any individual official. The Co-operators are not interested in the assignment of duties to any individual officers; only they want that the basic principle of Co-operation is not hit.

Taking the average of an Indian family as 5, it may be roughly estimated that 62.9 million people or 18.2 per cent of the population is being served by the Co-operative Movement in our country and in our State, U. P., 20 per cent, though the Co-operatives took birth in India about 40 years later than in England where roughly only 30 per cent of population is served by the Co-operative Movement. It shows quite a satisfactory progress. If the movement is deofficialised and the Registrar and the department not act as a cog in the wheel of the administration rather as a true friend of the people then in no time we can stand with any State of our country.

There is a whispering of dissolving all the provincial institutions to form a single organisation. This will be an unwise step.

All the following provincial organisations are apex institutions and have got different functions.

1—The U. P. Co-operative Union Ltd.

2—The U. P. Co-operative Development and Marketing Federation Ltd.

3—The U. P. Co-operative Bank Ltd.

4—The U. P. Cane Union Federation Ltd.

5—The U. P. Industrial Association Ltd.

The present attitude of the Provincial Co-operative Bank in merging the District or Central Bank on one pretext or the other is fundamentally wrong and against the principle of Co-operation. I agree, in view of the changed times, that our Co-operative Banks should also undertake Commercial Banking cautiously. Naturally then the question of its competence and stability arises. But the remedy is not to close the Local Bank and to open the branch of the Provincial Bank; rather some via medias hould be found out to strengthen the district and the Central Banks and they may be made to function as the branch of the Provincial Bank. Further I am also of the view that even at the places where the Provincial Bank has got its branch it should have a local mixed advisory body of non-officials and officials to assist the management. The object of building up local non-official leadership and handing over of responsibility to the public workers should never be lost sight of.

Sufficiently I have dealt with the point of de-officialisation and integration and pooling. Now I will lay down the concrete proposals which may be taken up for onsideration by the 25th U. P. State Co-operative Conference.

(1) The conference should endorse the resolution regarding the Registrar's post which was adopted in the Provincial Body Meeting of P. C. U. on 15. 12. 1952 and should strongly impress on the Government the point that they are one in keeping aloof so far as the question of Co-operative Department is concerned, from integration, merger and pooling.

(2) The P. C. U. should be consulted on all matters of policy so far as Co-operation is concerned.

(3) All the Provincial, District and other societies should have non-official Presidents.

(4) We must demand the establishment of a Co-operative College to be run by the P. C. U. in accordance with the

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(2) The P. C. U. should be consulted on all matters of policy so far as Co-operation is concerned.

(3) All the Provincial, District and other societies should have non-official Presidents.

(4) We must demand the establishment of a Co-operative College to be run by the P. C. U. in accordance with the

recommendations of the All-India (Saraiya) Planning Committee report which recommended the establishment of a Co-operative College, and also suggested that it should be established and run in each Province by the Provincial Co-operative Union.

A committee should be appointed to formulate proposals for the establishment of a Co-operative College for the Province. In formulating the detailed scheme the Committee should contact the Manchester Co-operative Union which is imparting high grade Co-operative education in the Holyoake Co-operative College in Manchester.

(5) The system of closed service in the Co-operative Department should be adopted in order to create a permanent interest of the Officers in the Co-operative Movement.

(6) In the interest of sound development of Cottage Industries, the industrial societies should be placed under the Registrar, Co-operative Societies just on the line of Bombay and in view of the Planning Commission's report.

(7) The conference should urge on the Government to take all possible steps for implementing the scheme of Co-operation in all walks of life and as such to run a Co-operative Insurance Society for the insurable goods of the Government, local bodies, co operative institutions and for the life Insurance of the people.

(8) A factory under the aegis of the Co-operatives should be set up to recondition the Tractors and other Agricultural implements.

(9) The newsprint paper shortage can be removed if a factory on co-operative basis is established for manufacturing newsprint paper from the waste of Sugar Cane.

(10) To remove the scarcity of the houses and labour quarters, a house building finance co-operation should be initiated by the Co-operatives in which 50 per cent share should be of the Co-operatives, 25 per cent by the Government and the rest may be released for the general public. Under the present circumstances the ordinary housing co-operative societies are not workable. A sub-committee may be formed to go into the details and to prepare a scheme for submission to the State Government.

(11) In view of the increased ailment and costly medical treatment it is necessary to start co-operative polyclinics throughout the State which should be run jointly by the Government, local bodies, and the public on co-operative basis.

(12) The All-India Co-operative Day which falls on 1st Saturday of November every year should be declared as a Public Holiday under the Negotiable Instruments Act.

(13) The Rainbow is the emblem of our Co-operative International Flag which signifies liberty, equality and fraternity to all nations and denotes peace, prosperity, and brotherhood. Co-operative Flag should be used on co-operative ceremonial occasions.

Lastly, I will like to clear here that the above ideas about the de officialisation and keeping away co-operatives from integration, merger and pooling for consideration is to strengthen the position of the co-operative movement. These are my humble observations and suggestions of 15 years experience in the movement with no intension to injure the feeling of any individual.

CO-OPERATION IN BOMBAY AND MADRAS STATES
AS I SAW IN 1952

By
R. N. Kaul,
Assistant Registrar, Co-operative Societies, Rajasthan (Jaipur).

Arrangement of Visits.

Our study tour was so arranged as to enable us to see almost all important types of Co-operative Institutions—Provincial, Central and Primary in character. We had the occasion of acquainting ourselves with the working of the co-operative Credit, Production, Marketing, Multipurpose, Industrial, Housing, Consumers and other types of institutions such as Insurance, Transport, Thrift, Social Service. Besides we also saw the Milk distribution centre of Bombay city and the Reserve Bank of India (Agricultural Credit Department). Our visits were confined to the Bombay State and a limited portion of Madras

Introductory.

The Co-operative Movement in both the States has succeeded to a considerable extent in bringing about facilities of better credit, better marketing, better production and has also helped in the development of cottage and subsidiary industries. An integrated structure of rural finance and inculcation of the multipurpose ideal among rural primaries, developing of co-operative marketing, organisation of co-operative farming and lift-irrigation societies for stepping up food production and provision of cheaper housing facilities has been brought about by the movement. In recording any impressions about the movement as we found it, it seems necessary to deal with its different aspects severally.

Credit. (*General*):

The credit aspect of the movement comprises the Apex Bank, Central Banks, Rural Primaries the M. P. Societies; the Land Mortgage Banks, the industrial and urban banks. The financial structure is on the whole federal in character though organisation in some cases has filtered from the top. The working of the Apex, Central and Primary institutions being almost inter-linked a general discussion of their activieies would suffice.

Credit (Short-term):—*Rural.*

Short-term credit is supplied by the Provincial and the Central banks through the primaries. The credit movement in Bombay

has passed through various stages to adjust itself to circumstances. Prior to last war the movement had touched very little the numerous other activities affecting the life of the cultivator. At that stage advancement of loans was the main function of 85 per cent of the societies, and the position of overdues appears to have been disquieting. The war years besides stabilising the position of the credit societies have brought about a diversification of functions of all types of credit societies. The financing banks have at one time been faced with the serious problem of finding sound investment channels for their surplus funds, which consequently led them to undertake commercial banking activities. The long-term financing institutions such as the Land Mortgage Banks were rendered functionless during this period of war. This phase has lasted only for a short period and with the diversification of functions of the existing societies and the formation of various types of non-credit societies the financing institutions appear to have again been confronted with an unprecedented demand for funds. Unlike the war years the deposits have not kept pace with the demand for loans with the result that increased dependence on Apex Bank was much in evidence. The Provincial and Central Banks had to invest large amounts of money in cloth business. The financing banks did not diminish their commercial banking activities with this change in demand over their resources. A co-operator may not easily appreciate this commercial character of the Co-operative Banks especially when the movement calls upon them to come to its rescue.

Timely advantage has however been taken of the facilities made available by the Reserve Bank of India for financing current agricultural operations and marketing of produce. The financial structure has also been re-moulded and linked closer to run the integrated credit scheme on the recommendations of the Gadgil and Nanavati Committees. The movement has proved worthy of the confidence reposed in it in running this scheme successfully. The financing institutions are, as we found, held in high esteem by the agriculturists.

The Bombay Provincial Bank, besides financing the Central Banks works as a central financing agency in 9 revenue districts. This shows that areas where it has not been possible to organise central banks, are not left to languish for want of financing facilities. The Provincial Bank is, however, following an appreciable policy of withdrawing from areas where central banks come into being gradually.

The financing banks appear to be anxious in encouraging multifarious activities of their affiliated institutions. The main reason for the smooth working of the financing institutions appears to be the amendments brought about in the Co-operative Act, which have rendered the modes of recovery easy and have also offered a stable scope for their investment.

The element of thrift has also been encouraged by raising share capital in proportion to the lendings. The banking institutions have also helped in the speeding up of food production. In Madras the Central Banks have encouraged seed multiplication schemes and supply of manures and in Bombay they have assisted in the distribution of seeds and manure and in running of fair price shops. The question of sale of shares by the Apex Bank at a premium did not appear to be reasonable.

Madras.

In Madras the banking institutions provide finance under the controlled credit scheme. This activity has helped in speeding up production of commercial crops on planned basis. The banks also collect supervision charges from the societies and conduct the work of supervision thereof.

Many of the banks have also encouraged a Provident Deposit Scheme for the benefit of small income groups. The banks have in certain cases offered to serve as agencies to run Government schemes like the Rayalaseema Cheap Loan Scheme.

Credit—Short-term (*Urban*).

The feeling that credit is equally important to the town-dwellers has gained sufficient ground in the State of Bombay. The urban banks, as we saw the one in *Ahmedabad*, appear to have proved good agencies for encouraging thrift and in developing punctual banking habits among poor, urban folk. These have also lent money to the needy labourers which, it seems, would have otherwise been difficult for them to obtain from unlicensed moneylenders. Encouragement of thrift being the chief characteristic, the bank has been able to provide long term loans for housing purposes. Promotion of such banks is ultimately very useful for the economic development of a State. Due to the existence of the bank the labourer members have a feeling of financial security.

Credit—Short-term.—*Industrial Banks*.

In Bombay State alongside the Central Banks there have been organised some Industrial Banks too. Experience has shown that

there is a neck to neck race between these parallel institutions, which is against Co-operative principles. Apart from the rates of interest being high in the Industrial Banks, they have not been able to provide adequate finance to the Induscos. Their insistence on procuring Government guarantee for loans in the case of newly admitted societies appears to be another hardship for the borrowing societies. These banks are also at a disadvantage in asmuch-as they do not get accommodation from the Reserve Bank of India whereas the Central Banks can make available funds to the corresponding extent for industrial societies upto which they get agricultural credit from the Reserve Bank. For the success of such banks liberal financing accommodation from the Apex Bank in the present circumstances is very essential. These banks are also advancing loans to individual artisans.

Credit-(Long-term)—*Land Mortgage Banks*.

Financing of long-term land development schemes and redemption of old debts fall within the scope of Land Mortgage Banks The Primary Land Mortgage Banks are virtually mere advisory bodies whereas the finance flows from the Apex. In Bombay a primary Land Mortgage Bank covers a district whereas in Madras it extends over a taluk only. The procedure of advancing loans in both the States is almost similar and the delay in the disposal of loan applications has also been a common complaint. The method of recovery of loans through departmental sale officers in Madras appears to be more convenient. In Bombay the Land Mortgage Banks have stopped financing for developmental actvities due to paucity of funds which is not a happy sign at this hour of need. The Land Mortgage Banks in Madras appear to have done comparably well perhaps due to special care exercised in selecting the areas of operation (such as extending activities in irrigated areas mostly).

Production Societies.

The potentialities of the movement in the producers co-operation have been put to test during the recent years. The results have been encouraging. Co-operative farming, milk supply, development of fisheries, production of handloom cloth and establishment of sugar factory have been effectively handled by the movement, with the assistance of State. Local conditions and coordinated plans have also been responsible for the shaping of activities.

Milk Supply.

Milk supply has to an enormous scale been undertaken successfully by the Anand Milk Supply Union. The Aarey Milk Colony is deriving a major portion of its profits from this Union as for former has to purchase milk from other sources at market price. The measure of service done by the Union is highly commendable as it has successfully undertaken various developmental activities in the milk supplying villages and utilised its profits for the benefit of the primary producers of milk. This co-operative enterprise is growing of a stature parallel to that run by the Government at a high cost.

Farming Societies.

The farming societies appear to be in a stage of experimentation though the Government is adequately financing and subsidising them. The societies have also agricultural experts working as their Managers which is so essential for a concerted effort. I was, however, disillusioned to see a Co-operative Joint Farming Society organised by some absentee land owners perhaps with the idea of desiring benefit under the Tenancy Act, which assures of produce as rent to the owner. The society has been subsidised with Rs. 16,000. I wonder if all this help was justified looking to its co-operative character. The system of payment of daily wages in Co-operative Joint Farming Societies did also not appear to me as being an economic measure.

Fisheries.

Although the element of co-operation is inherent in the very activities of the fishermen who go on high seas in groups of 10 on a craft, the Co-operative Societies have brought them still nearer and saved them from the exploitation of 'Dalals' in the matter of marketing of fish.

Weavers.

The weavers society of Yemmiganur (Madras) was a model by itself. The Society has built up strong reserves which enable it to provide work to its members even in these days of slump. Besides encouragement of compulsory small savings from daily wages has also resluted in the members' accumulating large deposits with the Society, which in turn has enabled them to contribute the portion of the construction money due upon their newly owned houses.

Loni Sugar Factory.

The establishment of the Sugar mill through Co-operptive effort has saved the small sugar-cane producer from exploitation at the hands of bigger merchants and also from the disadvantage of selling gur at cheaper rates instead of sugar. The enterprise has been adequately financed by the Industrial Finance Corporation. Co-operation would be a boon for the small producers if similar facilities are made available on an increasing scale to the movement in the country. This is the first offensive measure of co operation while the whole movement has been defensive so far.

Marketing.

Co-operative Marketing has played an increasingly important part in the rural economy of Bombay State. The Cotton Sale Societies of Gujarat and Gadag are an outstanding success. They have succeded in distributing and encouraging multiplication of improved seeds, manures and have also helped in ginning and processing of cotton at cheaper rates. Grading has also been encouraged to some extent. The Co-operative Marketing Societies have also facilitated the working of the regulated markets which it was found, had to face numerous difficulties in the initial stages.

The Shetkari Sahkari Sangh is also an outstanding example of marketing Co-operatives. The society markets 1/10th of the total gur output of the Kolhapur District and works as a district wholesaler for the distribution of all agricultural requirements such as iron, steel, cement, manure, fertilisers etc.

The marketing societies have also helped in linking up of credit with marketing as these societies have enabled the credit societies, to recover their dues from borrowers easily.

The Provincial Marketing Association also helps in the marketing of fruits and vegetables on a large scale. This provincial institution has in fact greater scope of work.

Multipurpose Societies.

The rural societies are becoming increasingly multipurpose in character and have taken up comprehensive programmes of rural uplift by encouraging better farming, better living besides supplying cheap credit. These societies have promoted considerable loyalty and sustained interest of the members in the movement. The multipurpose character of societies appears to have supplemented agricultural credit and not replaced it.

Industrial.

In Bombay, the Co operative Department has been doing its best to encourage industrial societies by providing finances, by establishing sales depots and imparting technical training in the Government institutes. District Industrial Associations which are assuming the character of federations have been organised under the Government of India Scheme. The industrial co-operatives in both the States are doing well in procuring raw materials for their members and offering advice in the manufacture of readily marketable varieties. Madras appears to have gone ahead in hand-loom industry to the extent that we saw Co-operative hand-loom factories under construction and heard of a co-operative yarn mill about to be started in Guntakal. In Bombay the Provincial Industrial Association is mainly tackling the problems of organisation, finance and commerce. It would do better in providing expert advice and in training workers on a large scale which it has failed to do so far.

In the training institutes I could not find out if training is actually given to such people who have a mind to and own resources enough or can otherwise provide themselves with resources to start a particular vocation after training.

A thorough discussion with some selfless industrial workers convinced me that development of cottage industries is the second immediate step required to be taken to restore economic equilibrium in the country, the first being speeding up of food production.

Due to keen competition from the mills the industrial societies have not made a considerable progress. Grant of adequate protection in a progressive scale would render them more useful.

Housing.

The individual house-ownership prevails in Madras and the Copartnership system is the usual type in Bombay. There is keen demand for organisation of housing Co-operatives in the Bombay State but the paucity of funds has proved a bottleneck. Many of the existing housing co-operatives have not started work due to non-avialability of land and finances. The working ones have, however, succeeded in reducing the overhead costs and in providing adequate common amenities to the members, which it would have been otherwise difficult for them to obtain.

The Housing Federation is not doing much work except providing expert advice to the department and the societies.

A big co-operative township has been built up at Vallabhnagar which makes it evident that Co-operation can achieve highest measures of success provided the wherewithal and sound organisational elements exist.

Consumers' Societies.

The Consumers Movement has gained sufficient strength in both the States. The stores have not generally extended their dealings in non-controlled commodites but the control business has helped them build adequate reserves for carrying on business in decontrol periods. In Bombay the consumers movement is urban in character whereas the distribution of controlled commodities has been taken up by the multipurpose and rural primaries. In Madras there exists a Central Store at district headquarters with a chain of stores in the mofussil. The consumers stores have considerably helped in the procurement of food-grains in the State.

The Bombay Consumers Stores Federation arranges refresher course for the staff of the stores and the Rationing and Co-operative Departmental authorities which has proved very useful in establishing mutual confidence and in the removal of complicacies obtaining from rationing laws. In most of the stores owned funds formed the bulk of working capital. The exclusive cash dealings have helped the stores maintain their financial integrity. The door delivery method as started by a store in Bombay is worth adoption in all suitable places.

Insurance.

A special feature of the Bombay Co-operative Insurance Society is that it issues policies of small denominations ranging from Rs. 100 and does not insist on medical examination of client seeking insurance upto Rs. 900. Borrowers in credit societies are also encouraged to take out a policy which serves as an additional security for the loans and indirectly helps them to save for future.

Supervising Unions.

The increase in the number of societies has made departmental supervision difficult. This work has been successfully undertaken by the Co-operative Supervising Unions. This also encourages the co-operative principle of mutual vigilence.

Co-operative Institutes.

Proper training of the workers and co-operators is an essential prerequisite for the development of the movement. This aspect has been particularly attended to by the Provincial Institute which runs a college of countrywide fame and several regional schools. Funds on a prescribed scale are recovered by the institute from all societies which declare dividends over 4 per cent in any year.

Thrift.

The small savings encouraged by the Bishis of Kolhapur is an idea by itself which can suitably be adopted with success in rural areas all over the country.

General Impressions.

The chief causes of the success of the movement in Bombay appear to be :—

1. Adequate Government aid in the form of loans, subsidies and subscription towards share capital.

2. Frequent amendment of the Co-operative Law and rules made to suit the development of societies. In fact, it is the Law that has been fitted into the movement and not the movement into law.

3. Good, selfless and intelligent workers have come to man the co-operatives in most cases.

4. The structure of the financing banks has been adequately strong to meet the requirements of the movement.

5. Avoidance of frauds etc., through regular internal audits of bigger societies.

6. The high order of managerial efficency in the bigger Co operatives.

7. Large business turnover.

8. Admittance of several classes of members to facilitate the working of societies. A test case however requires to be tried for determining the exact legal position of 'B' class member.

9. Enforcement of obligations in marketing societies to sell produce through the societies.

10. Adequate financial aid from the Reserve Bank of India.

One question as to how the Registrar or the Assistant Registrars compromise their position with the societies by remaining on their boards and at the same time enforcing the administration of law on such societies, remained unanswered to me.

CO-OPERATIVE CONFERENCES AND MEETINGS

XXVIII MADRAS STATE CO-OPERATIVE CONFERENCE

Held at Madras on the 20th and 21st December 1952

Extracts from
The Speech of Hon'ble Sri D. Sanjivayya, Minister for Co-operation and Housing, Government of Madras, on the occasion of Hoisting the Co-operative Flag.

The International Co-operative Alliance decided in 1923 that it should have a flag with the seven colours of the spectrum. The actual design of the Rainbow Flag was not immediately decided but experiments were made in different countries to produce a flag in seven colours. . . . The Co-operative Flag is having all the seven colours of the rainbow. The whole world is depending on the sun which shines with these colours. Though seen as seven colours, visualised as a whole, it is only one colour viz., White. This is the very criterion in our co-operative movement. There are no differences of colour, caste, religion, sect or section in Co-operation. It is pure as white and is inclusive of ideas of social service, international brotherhood, social justice and kindness.

I have very great pleasure in associating myself with this 28th Madras State Co-operative Conference and I thank the organisers for assigning me this pleasant duty of hoisting the Co-operative Flag.

Extracts from
Welcome Address by Sri B. Venkataratnam Choudary, President, The Madras State Co-operative Union, Chairman of the Reception Committee.

On behalf of the Reception Committee of the XXVIII Madras State Co-operative Conference, I offer you a warm and hearty welcome. I earnestly request you to feel at home here and enjoy our simple yet sincere hospitality.

It is a matter of great pleasure to us that this Conference will now be opened by the Hon'ble Sri C. Rajagopalachariar, Chief Minister of Madras. . . . . It is our great fortune that he has found time to be here amidst us on this occasion to participate in the proceedings, to understand our various problems and to give his valuable advice on all matters in which we seek the co-operation of the Government.

I am grateful to Sri Syamnandan Sahaya for his having consented to preside over this Conference. He is one of our colleagues in the co-operative field, and, both as the Chairman of the Bihar State Co-operative Bank and the Vice-Chancellor of the Bihar University, has gained wide experience in nation-building activities. I am sure that Sri Sahaya will guide and give us his valuable advice based on his experience with the Movement in his own State and his comprehension of the conditions obtaining in this State.

We are on the eve of great changes in our national life. The grand National Plan with its estimated expenditure of Rs. 2,000 crores in five years for the all round development of the nation is shortly to be executed. We have the hundred-crore rupee Community Development Programme planned by Indo-American Co-operation for a three-year period already in operation in some 55 projects in the country. There is thus the prospect of nation-wide activity of an intensive type during the coming five-year period, to attain the goal of Co-operative Commonwealth. Here is an opportunity for the Co-operative Movement to press itself on the attention of the Government and the nation and offer its earnest co-operation in the national endeavour. Could there be a better occasion than this State Co operative Conference for considering ways and means of dovetailing our activities with those of other States and Institutions?

Even at the last Conference we showed a deep concern at the unsettled conditions of our economic life caused by inflation, soaring prices, high cost of living, partial controls and rationing, hoarding and black-marketing. And conditions are very nearly the same as before, the only change consisting in the recent removal of the controls on foodgrains and cloth in our State.

In a way this food decontrol has helped us, the Reception Committee inasmuch as it has enabled us to show a larger measure of hospitality to our delegates and visitors, who, during our last Conference, had to be kept on rations. It is, however, too early to judge the general effect of the decontrol policy on the State. While we hear with pleasure of a fall in food prices in some quarters, we learn with pain of a steep rise in other areas. At any rate the Co-operative Movement has felt that this sudden change in State policy has rudely shaken its stores limb. The consumer co-operatives are one of our strongest limbs accounting for an annual trade of about Rs. 50 crores. Their business having been badly dislocated due to accumulation of huge food stocks, they have become a source of great pressure on the co-operative financing institutions.

At the same time the money market has become tight, the rise in the bank rate having aggravated the condition. In consequence the Co-operative Central Banks' Conference held in July this year under the auspices of the State Co-operative Bank had to review the situation and revise its loan policy in view of the new conditions.

It is now of the utmost importance to reconcile the various trends of finance, industry and trade. A number of agencies are at For instance the Government of India. They appointed a Rural Banking Enquiry Committee for devising ways and means of tapping rural capital to finance our trade and industry. The Report of the Committee of which our Registrar, Sri J. C. Ryan, was an esteemed Member, has recommended the inculcation of the banking habit in the rural classes and the institution of a multiplicity of banking agencies including co-operatives for receiving deposits. The Reserve Bank has now undertaken an elaborate Rural Credit Survey so as to assess the credit needs of the rural classes, their various sources of credit and the price they pay for obtaining it. The report is not yet ready; but it is hoped that this survey will indicate the *pluses* and *minuses* in the budgets of the agriculturists. Coming nearer home we find that the Registrar of Co-operative Societies, Madras launched last year, in pursuance of a Resolution of the last Tamil Nad Co-operative Conference a rural savings drive with a target of Rs. 2 crores and has succeeded in collecting Rs. 1.06 crores in three months.

This has led some of our friends to believe that the dweller in the countryside really has a surplus income which could be drawn and diverted towards national needs if only there were a proper banking agency for the purpose. But my experience with the countryside prevents me from sharing this view with them. Being an agriculturist and a dweller in the countryside myself, I have devoted considerable attention to this problem. My close connection with the rural credit institutions has helped me much in my study of the situation. My personal knowledge of the conditions particularly in the deltaic areas has convinced me that the prosperity of the rural classes is only apparent but not real and that the existence of a surplus is a myth. The abnormally high cost of production coupled with the steep rise in the cost of living of the average agriculturist or rural artisan is out of all proportion to his income. The rural dweller's prospect of a large income has merely served to entice and carry him like a mirage farther away from the hard realities of his life into the land of indebtedness.

We have figures to speak for these facts: Dr. B. V. Narayanaswami Naidu (now Member of the Tariff Commission) showed in his Report on Rural Indebtedness in Madras in 1945 that from 1939 to 1945 the rural debt was reduced from Rs. 272 crores to Rs. 218 crores which meant a reduction of 20 percent only in six years and that too at a time when the agricultural price index stood over 250. This was obviously due to the fact that the cost of production and cost of living rose more sharply than the cost of the produce. The cost of the factors of production like labour, fertilizers and cattle ranged between 300 to 700 per cent while the rise in the cost of living was no less marked. The bulk of the agricultural population consisted of petty holders, tenants and landless labourers and it was they who suffered acutely. It could be seen from a statement of percentage share of total debt of each class given in the Report that while the share of debt of big and medium landholders fell during the six years from 58 to 52 percent, that of the petty holders, tenants and landless labourers rose from 42 to 48 percent. These figures relating to 1945 are self-explanatory. There does not seem to have come any appreciable change in the position for the better since then though unfortunately there are no relative statistics readily available with us. On the other hand I strongly feel that if a survey is conducted a worse debt position will be indicated. The Rural Credit Survey of the Reserve Bank of India may be helpful in this direction; but it may take time for the Report to reach us on account of the magnitude of the undertaking. It appears therefore, highly desirable that in the meanwhile the Government of Madras should carry out through the Economic Adviser a random sample survey on a regional basis in the State, taking some three villages from each of the three classes of regions, namely deltaic areas, minor irrigation ones and purely rain-fed ones. I appeal to the Government to give their serious consideration to this matter, so that the results of the survey may throw some light on the present position.

That our rural classes are still faced with deficit budgets seems to be pretty clear even from their dealings with the co-operative banks. Taking our own State of Madras, we find that the short term borrowing has increased from Rs. 6.44 crores in 1949–50 to Rs. 7.65 crores in 1950–51 and the long term borrowing from Rs. 388.32 lakhs to Rs. 452.63 lakhs during the same period. Whatever the purpose, borrowing seems to be on the increase; and

this should suffice to remove from our minds the idea that considerable surplus capital is lodged in the hands of the rural classes.

It is in this context that I appeal to you all to study the economic condition of the countryside. The rural classes are not in a position to contribute financially to the national development programme. All the same much capital is essential for carrying on the programme; and the view recently expressed by the Hon'ble Minister for Finance at the Centre that for national development programme, the capital should be found from the revenues of the State has caused considerable concern in the country. The agricultural classes are not only groaning under the burden of debt and taxation but also suffering from a permanent deficit agricultural industry. I honestly feel that this is the most fundamental defect in the structure of the agricultural industry, which in the earliest possible time ought to be set right by the State and by expert agricultural economists, by finding out ways and means of making the agricultural industry at least self-supporting. I honestly feel also that any fresh imposition is sure to be the last straw to break the camel's back. I therefore take this opportunity to appeal to the Government to take a more sympathetic view of the situation and save the rural dweller from fresh levies. In this context, I am constrained to observe that when everything is being done on scientific methods and statistical basis, the taxation policy of our State Government is going on in an off hand method. It is high time that we bestowed adequate attention on our taxation policy and revised it properly.

While the Co-operative Movement which is essentially a Movement of the agriculturist and the artisan may not be able to provide capital for large national undertakings to the extent expected of it, it can, however, contribute its quota in other forms: For instance, it can help and save the man of small means from the clutches of the merchant-money lender; it can bring the producer and consumer into the same fold for self-help and mutual help; it can promote cultural progress in the Co-operative community; and last but not least it can help promote development of character and personality of the individual. These are no mean contributions to national development; and, I dare say, it is the Co-operative Movement that is best suited to achieve them.

Coming to the various details of the working of the Movement, with the expansion of the Movement in various directions, there have come into being numerous general and local problems of a complex nature. I shall not enumerate them all here but shall only endeavour to indicate the general progress achieved and the problems facing us in the more important branches of co-operation.

I have already mentioned to you the dislocation of the trade of the stores due to decontrol of food grains. The business of the wholesale stores has shrunk very much, while many primary stores have been obliged either to close down or to linger on. The course to be adopted by the Stores in the circumstances was considered in July this year by a Wholesale Stores Conference convened by the Registrar, and it was suggested that they should adopt diversification of trade by introducing new lines like trade in non-controlled goods, processing and production of certain articles in common demand. It is nearly a half-year since the Stores met. The future policy of the Stores in the present conditions has now to be decided by this Conference with due regard to the interests of both the central and primary institutions.

Another important question which also demands our immediate attention is the protection of the weavers of whom a fourth are now in our co-operative fold. The suffering of the weaver has become rather proverbial: for he is tossed helplessly by the vagaries of the textile industry consisting now in a scarcity of yarn and now a glut in the cloth market. He is now facing a critical situation. The news papers are replete with pitiful reports of the sufferings of some of these unemployed artisans and their hunger marches in many parts of the State. Thanks to the Government of Madras, an earnest endeavour is being made by Government to relieve their distress. It is no exaggeration to say that the problem of the weaver is now engaging the best attention of the Government. Who are not aware of the negotiations between the Madras and Central Governments regarding the reservation of sarees and dhoties for the handloom? We owe a deep debt of gratitude to our Hon'ble Chief Minister, Sri Rajaji, for his espousal of the cause of the weaver and his firm resolve to better his condition. The ushering in of the relief scheme is a concrete proof of State interest in the weaver. This scheme, however, entails a financial investment of about Rs. 50 lakhs by the State Co-operative Bank through Central Banks. Unfortunately the Imperial Bank of India have not found it possible to come to our aid in this matter, even under Government guarantee. The State and Central Banks have therefore to stand on their own legs to meet this demand. The Central Banks Conference held in July recommended that the Government might be requested to provide the necessary finance in the circumstances. I appeal to this Conference to consider the matter in a comprehensive manner and suggest how the weaver could be helped really in the present conditions.

One new line of co-operative endeavour which has evoked considerable public interest is co-operative housing. Proper shelter is a common need of all classes and hence the popularity of this type of co-operative activity. We have as many as 293 co-operative housing societies in this State but their progress has not been rapid for various reasons. A number of common problems and local ones tended to slow down their pace of progress. A Conference of Housing Societies at State level was therefore convened, in June this year, by the State Co-op. Union and various problems were discussed and conclusions arrived at. The suggestions of the Conference are still under the consideration of the Government. Housing is an activity which entails a large expenditure. We understand that against an estimated requirement of Rs. 80 lakhs for the current year, only Rs. 65 lakhs has so far been sanctioned by Government to the Registrar for utilisation for promoting the construction work of the societies. Promotion of this activity is doubly important. For one thing it is a primary necessity to relieve congestion and improve public health in urban and rural areas; secondly many persons have invested thousands of rupees in the shape of share capital etc. and any slackness in the pace of progress of the societies is sure to shake their faith in the efficacy of the movement as a means of providing the essentials of life. I therefore appeal to the Government to take a sympathetic view in the matter and help the societies with adequate funds for carrying on their work without handicap. In this connection I appeal to the Co-operators and the Government of Madras to think seriously about the urgent need to construct cheap houses for *Harijans* in rural areas through co-operative agency.

Milk supply co-operatives of which there are as many as 650 in the State, have been able to give satisfaction to their consumers and there is a bright future for co-operative dairying provided there are facilities for live stock breeding and improvement. One important handicap to the co-operative milk trade seems to be the apathy of some institutions towardsthe co-operative society. For instance we hear reports of some local hospitals having wilfully sought to encourage private enterprise as against the societies. If this is true, it is indeed unfair to our societies. I appeal to the Government to exercise a strict vigilance over such cases so that the milk societies may have a fair treatment and a fair chance to serve their customers better. The

Government could also directly help the co-operative milk trade by granting them exemption from sales tax. It is hard that while the private dealer is free from such a levy, the co-operative institution should be made to pay the tax, in some cases at two points, i.e. at the primary level and the federation level. Representations have been made to Government time and again in this behalf but in vain. I appeal to the Government to reconsider the matter at least in the interests of the poor consumers who get the ultimate benefit of any such exemption.

I may mention agricultural marketing. Thanks to the efforts of the Registrar, some of the marketing societies, like the one at Dindigul have conducted successful experiments in international trade in commodities like onions and chillies, bringing benefit both to the producer at home and the consumer abroad. It appears desirable to extend this trade to other commodities like pepper and copra. I hope this Conference will discuss this matter and give valuable suggestions for promoting this line of trade.

While the Co-operative Movement has embraced every line of trade and business in our State, I feel that it has not yet kept up a satisfactory pace of progress in some branches like cottage industries and insurance. In our State there are only some 270 cottage industries societies with a membership of about 30,000 and an annual business of about Rs. 44 lakhs. We cannot honestly call it satisfactory. When I had been to Bombay in February this year, I had the privilege to notice there the progress of the industrial co-operatives and their apex institution—the Bombay Provincial Industrial Co operative Association with an annual business of several lakhs of rupees. We have yielded the place of honour to Bombay in this respect. It now behoves us to work up more vigorously to recover the lost ground. One way of stimulating activity in this direction, I suggest, may be the organisation of a State apex institution for the industrial societies. I appeal to you all to consider this problem in view of its vital relation to the national development programme.

In this connection I may mention to you the experiments that are being made to promote co-operative industrialisation on a large scale in our State. With a view to help at least some of the weavers in obtaining yarn at fair price, the Madras Handloom Weavers' State Co-operative Society is actively organising two spinning mills in the State. One of them is expected to start working in a few months. Secondly we have a Co-operative Sugar Factory at Etikoppaka, (East Godavari) with a crushing capacity of 450 tons. With a view to make this venture a success, the State Co-operative Bank has come to its aid by advancing Rs. 28 lakhs. This is the first large scale co-operative venture of this sort in our State and the State Co-operative Bank is resolved to do its best in the direction of promoting successfully large scale co-operative industries.

Even in the field of co-operative insurance where the principle of self-help and mutual help is noticeable in its fullest sense, there is a strange lack of popular co-operation. Our insurance societies have not progressed as well as other private companies. This important problem drew the attention of the Indian Co-operative Congress at the Auxiliary Session in Bombay early this year but unfortunately the discussions were not conclusive. I therefore request this Conference to give its best thought to devising ways and means of impressing upon the public the superiority of co-operative insurance over the other types and also promoting co-operative insurance by linking it to normal transactions of other types of co-operatives.

Gentlemen, you will agree with me that while we notice a diversification of co-operative activity into non-credit lines, credit still holds a predominant position in the Movement in our country. Of the three types of credit—short, medium and long-term credit—short term and long term credits have achieved some measure of progress, while medium term credit has been somewhat neglected. Nevertheless the need for medium credit to the agriculturist and artisan is increasingly evident. The Central Banks' Conference has requested the Reserve Bank of India to provide this type of credit by amending the Reserve Bank of India Act suitably. Thanks to the Reserve Bank of India and the State guarantee of debentures, the short and long term needs of the agriculturist are being met in some measure. It is highly desirable that this Conference should recognise this want of medium term credit facilities and solidly request the Reserve Bank of India in this behalf.

One word more. The Co-operative Amending Bill has been before the Government for some years and is yet to come. A comprehensive piece of legislation like the one under consideration can offer a better scope for the Co-operative Movement to develop itself into a real democratic movement. I therefore request the Government to consider it without any more delay.

Extracts from

The Inaugural Address by the Hon'ble Sri C. Rajagopalachariar, Chief Minister, Madras.

The co-operative movement was started in my own time, I being old enough to know the origin. I knew Sir P. Rajagopalachari, and Sir M. Ramachandra Rao, Sri V. Ramadas Pantulu, Sri T. A. Ramalingam Chettiar and Sri T. Adinarayana Chettiar were pioneers of the movement here. Co-operation first started in Europe several decades ago and then it was taken up in India about the year 1892 or 1894. The Government of India started the movement; and it was handed over for further and detailed study of principles to a member of the Indian Civil Service—a *Rishi*, if I may call him so. He was Sir Frederick Nicholson. He lived the life of a *Rishi* in Salem District. He died a patriot, a lover of India and a servant of India. He worked out the details of the movement in India. He submitted his report, and based on his recommendations in the State of Madras in 1904, the Co-operative Societies Act was passed on an all-India level. At that time I had already done four years of practice at the bar. The movement was vigorously taken up all over the Province. The great men who took charge of the movement were splendid people. They spared no pains. Salem was one of the good parts in the early plantation of the co-operative movement. The 1904 Act was followed by another Act in 1912 which made a difference between rural societies and urban societies. They provided unlimited liability for rural areas and limited liability for urban co-operative organisations.

I am entitled to open this Conference because I have done something for co-operation. In 1906, some 27 of us in Salem put in an application for starting a Co-operative Bank and I was one of its first members. Three years later the District Central Bank was started. I was one of its first 7 directors. I put my first earnings in that Bank. From 1904 to 1918, I also served as the President of the Bank.

Let me draw my own impressions after a few years of contact with the movement. *Ultimately its success or partial failure depends upon the character and diligence of the people who work it out.* The individuals who work the movement, their character, their personality and their industry and vigilance and diligence make the movement. Now this movement in Madras can well claim that it has done

ıluable work relatively with other parts of the country. Comparavely Madras has done very well indeed. There might be instances here some co-operative societies had failed. But it is not good to ·lect only the failures and black spots. Such and such a man may : good. Still the society fails. The sum total of human endeavour ust contain some defect. In the application of things evil as well as ood comes into play. On the whole, we feel Madras has succeeded ery well and that is why people from all parts of India have a efinite opinion that Madras has succeeded, and they come here to udy the organisation. We claim from all parts of the country men ith a sense of education. All our officers are very patriotic. Someow or other the successive batches of officers enjoyed the work hich aims at promoting popular welfare. The urge in this Departıent aims at popular welfare and the officers grow more and more atriotic as they gain experience. We are fortunate in the history f the movement in Madras. At first the movement started as a redit movement and later became multipurpose. We were very ımiliar with the weavers' societies and consumers' societies in ıose days. Cottage industries work also has been taken up besides 'eaving, house-building, *etc.* In Gandhinagar (at Adyar) and at Latpadi (North Arcot) we have shining examples of skilful houseuilding societies.

In Madras the credit side of this movement has brought the ıiddle-class money into the hands of the poorer people. The other anks do not get much money from the middle class. Our co-operative redit societies have been able to tap middle class savings and make hem available for the rural areas and for the poorer people. Nothing an be better than this. Nothing can be a greater tribute to the coperative movement. (*Cheers*). The savings of the middle-class itself ave been tapped. We know how it is difficult to clear a Balance-Sheet; and then to save is much more difficult. And somehow or ther, the co-operative credit structure manages to get this money. There is plenty of money in the Central Co-operative Banks and he Apex Bank and those moneys are lent to the rural co-operative ocieties. Thus, the middle-class money has been made available hrough the rural co-operative society.

The movement must be carried on. I remember when about 25 'ears ago I was behind the bars. In those days, Sri Narasimhadevara Satyanarayana was my colleague. We tried to spend the time by some instructions and preachings. I used to give some talk to ome of my friends. I was explaining the principles of socialist organisations. At that time, Mr. N. Satyanarayana asked me why the co-operative movement should not do what Socialism, as I explained, was intended to do to society. I gave an unsatisfactory answer. I call to memory my own impression. He was a very staunch believer in the co-operative movement, the good side of Socialism. He had already been an experienced co-operator. He has seen many years of hard work in the co-operative movement and has continued to do good work up to now. If you go to his place, you can know the co-operative movement morally, culturally and economically. He is one of the pillars of the co-operative movement. He is fairly tall like a good pillar. I told you I had given an unsatisfactory anwer to him. To give in a sentence, the answer was that the co-operative movement retains the good qualities of individual interest and property as well as the good quality of socialist organisations. That is the claim which Co-operation makes. It retains all that is good in the Capitalistic scheme and claims to maintain all the good principles of the Socialism. There we go by the Co-operative work. Co-operative movement is the middle path. We all have begun to hate Capitalism but at the same time do not want Communism as such. Therefore, we want a middle path. ***This Co-operative movement or co-operative path is a good path.***

I have great pleasure in wishing the movement a good future. I began the movement and I hope the movement will grow from strength to strength. I have great pleasure in declaring the Conference open.

Extracts from
Presidential Address by Shri Syamanandan Sahaya, M.P., Chairman, Bihar State Co-operative Bank, Ltd., Vice-President, All-India Co-operative Union.

Brother Co-operators,

I consider it a great privilege to be called upon to preside at this the 28th session of the Madras State Co-operative Conference. It is an honour which I value and I do not know how to repay the gratitude which I owe to you except by dedicating myself afresh to the service of the cause we all hold dear, *i.e.*, Co-operation......

Co-operative Ideals Past and Present

Friends, like many things in this world it is a sad irony that one has to preach for and try methods of persuasion to secure affiliation of the vast population of this country to co-operation. I say so because ever since we know anything of men and affairs and the organisation of society itself we know of co-operation. The psychology of co-operation was noticed in the world in the early stages when it was found necessary to have an organised society in place of individual existence of men and women in this world. Since then whatever sphere of activity you look at you would find that it was based on a spirit of co-operation. With the progress of the world, however, individual incentive, individual aspiration and individual need again came into prominence and we stand to day trying to bring round people to the fold of co-operation and to persuade them to adopt co-operative methods. I am indulging in no exaggeration if I say that the troubles of the world today are due to the lack of proper appreciation of co-operative methods and if we succeed in bringing to the fore the co-operative method of solving our difficulties and troubles it would be a happier world to live in. So far as this country is concerned, the whole structure of society and the entire administration of the country was based on co-operative methods which was termed as Panchayat Raj. But the foreign rulers stood in the need of a centralised administration and naturally the old institutions were left to decay and disappear. We have come into our own and I am glad to say that we are veering round this ideal of co-operation and Panchayat Raj. Our Constitution itself lays down, in its directive principles of State Policy, the following:—

"The State shall take steps to organise village panchayats and endow them with such powers and authority as may be necessary to enable them to function as units of self-government. . . .

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............the State shall endeavour to promote cottage industries on an individual or co operative basis in rural areas".

Co-operative Economy, the Best Solution

It is thus a great victory for the co operative ideal that almost the entire world is now veering round the co-operative method. I have no doubt, all of you have noticed that lately in reports of all Economic and Planning Committees and in many utterances of our great leaders the suggestion has been incessantly made for organisation on co operative lines. The President of the Indian Republic, Dr. Rajendra Prasad, in his first address to the Parliament of India referred to this in the following terms:

> "Let us accept our great task in the spirit of the Father of the Nation, who brought us our freedom, and let us remember always the message that he gave us, the message of unity and good will between all the people of India, of communal harmony, of abolition of class distinction and of those based on birth, caste or religion and the evolution of a peaceful co-operative India, which gives opportunities of progress to all her citizens."

He has again repeated the suggestion in the following terms while addressing a meeting at Delhi:

> "The salvation of the country lay in a more intensified effort to organise agricultural production on co-operative lines. The leaders of the co operative movement should devote attention to the problem of extending the principles of co operation to the field of agriculture. The poor Indian cultivator should be provided with modern implements and a more abundant finance by co operative societies and similar other bodies if the yield per acre is to be increased and the country saved from the ever present food *shortage*.................."

The Central Planning Committee and the Congress Sarvodaya Samaj have all expressed similar views and stated unequivocally that organisation of this country and particularly of the rural areas on co-operative lines is the only solution of the ills that surround us. It is, therefore, quite clear that the principle is being universally accepted and even our critics are coming round to accept the co operative principle. It is indeed very heartening and encouraging for the co operators but it also indicates the added responsibility and the vastness of the problem to be tackled. I have no doubt that our old workers will be able to rally round them enough young enthusiasts who will be able to organise this country on sound co operative lines.

The world is at present beset with conflicting ideologies of state economy, private economy and mixed economy. The problem is becoming acute even in this country and therefore, we have to think out what is best suited to the environments of this country which might be fitted into the structure of the state without seriously impairing the advantages of the different enonomies stated above and if we gave this matter the thought it deserved, it will have to be conceded that the co-operative economy is the only solution. Not only in the sphere of production but also in the sphere of distribution and in many other sectors, the co operative method will admirably meet our requirements, for, India's past was built up on the Panchayat system. The welfare of the common man must be the objective of all welfare states and so far we have evolved no method better than the co operative method to attain this objective. The co operative method has the additional advantage that the common man in attempting to better his lot by his own endeavours also develops the spirit of self help and self dependence ultimately generating an element of self-rule which in olden times was known as Panchayat Raj. No Government, however able or powerful can so quickly raise the standard of the common man as the common man himself can do if he undertook this task in co operation with Governmental and other bodies.

Co-operative Methods to solve Food and Cloth Problems

The two problems which are assuming gigantic proportions and have baffled all solution so far are the problems of food and cloth. What a pity that a country like ours which used to flow with milk and honey and was able to produce always more than it required has now to depend upon other countries for keeping the body and soul of its citizens together.

In spite of the cotton mills' efforts to solve the problem of cloth, it has to be painfully admitted that the disease persists as strongly as ever. I submit that both the problems of food and cloth can be easily settled if we take to the co operative method and spend even one-tenth of what we are spending on importing food-grains, in encouraging and fostering the growth of co-operative farming and weavers' co-operative societies. In the sphere of distribution also the co operative movement has shown even though in a very limited sphere that it is possible to secure distribution without black market and achieve even reduction in prices. The co-operative banks have done some business in the distribution of manures, cloth and salt and I can state on the best authority of high Government officials and also of non-official bodies that the co-operative distribution has been able to meet the requirements of the situation to a very large extent. Having been successful to this extent, I think, it would be in the fitness of things if we progressively increased the sphere of distribution through co-operatives. It will be a sad day if we lose the thread and not take the best advantage of the experience gained.

Our Responsibilities in Independent India

Ladies and gentlemen, the responsibilities cast on Indian citizens after the independence of this country are very much greater and very much different than what they were ever before. Conditions in the past were such that every section felt the need and the urge for laying great emphasis on rights and that was because the existence of foreign element made one apprehensive and led one to be constantly on the watch with regard to his rights. A right has to be protected against the onslaught of something extraneous. In Independent India, however, there is no clash of interest between the people and the State, for the one is meant to exist for the good of the other. Therefore, when I notice an emphasis on rights I am indeed tempted to think that it is really a habit of the past or that we have not been able to assess properly the great change that has come over. In a self governing country the emphasis can only be on responsibilities. Every individual Indian to-day has on his shoulders a responsibility much greater than what he had at any time in recent history. It is on due and satisfactory discharge of these responsibilities that India can once again attain her past glory and secure for herself a proud and privileged position among the nations of the world. The British Government in India had the backing of the resources of its own home Government and depended largely on that backing in the governance of this country. The present Government have no backing other than the backing of the people of this country and as such they would naturally do all that is possible to secure the best advantages of a good Government and of modern amenities for the people of this country. How dare they do otherwise except at their own peril. Much depends, however, on the manner in which every individual citizen of this country takes up and discharges the responsibilities devolving on him. In this context the responsibilities of the co operators in this country have also increased vastly and it would not do for us to say that it has not been possible to achieve greater results for want of Government sympathy. We must proceed on the assumption that Government

cannot but be sympathetic and if we take up the cause in right earnest there is no doubt that success will crown our efforts. The responsibility of the co-operative movement in the improvement of the country-side, in removing rural indebtedness, in creating a spirit of co operative brotherhood, in introducing better farming methods and in securing to the villager the just price for his products, has increased manifold and we have through co-operation to devise ways and means to achieve this.

Co-operation and State Aid

While, therefore, we have to assume that Governmental assistance required will be forthcoming, it is necessary to take stock of the present situation and impress on Government the necessity of their allying wholly with the co operative movement. The State Government of Madras, I am glad to find, is taking a very lively and keen interest in the co-operative movement and the province of Bihar also has now on the Cabinet a Minister holding the portfolio of Co-operation. But in many States yet and also in the Centre co-operation has not come to occupy the position of importance that it deserves and its proper place in the Governmental set-up is, in my opinion, essential for raising the standard of the people of this country. In the Centre the portfolio of co-operation is held as a very subsidiary section by the Ministry of *Agriculture* and I do not think any serious attention has been paid to it. One of the Presidents of this Conference in the past, Shri R. G. Saraiya, very pertinently pointed out in his Presidential speech in 1950 that the organisation of the co-operative movement at the Centre "leaves much to be desired". It will be recalled that as a result of the recommendations of the Registrars' Conference held at Madras a sub-committee was appointed by the Government of India which made several recommendations, two of them being:—

(*a*) That a Central Co-operative Council should be established to keep Government in close and continuous contact with the Co operative Union and the Council was to consist of the Hon'ble the Minister in charge of Co-operation, 10 nominees of the Central Government and 10 representatives of the Indian Co-operative Union with a representative of the Reserve Bank of India, and

(*b*) That a Co-operation Directorate should be set up at the Centre under a Co-operative Adviser so as to co-ordinate the activities of the provinces and the States in all fields of co-operation and provide for technical and other types of assistance needed by the movement.

The need of a co ordinating agency at the Centre is keenly felt. Such a Central agency will prevent one province from repeating the mistakes of others and also prevent overlapping of experiments apart from making available to every province the benefit of the combined pool of information on the working of the co operative movement throughout India.

It was high time that the Central Government gave shape to these recommendations as only in this way could Co operative Commonwealth envisaged by us be established.

Co-operative and other Welfare Departments of Government

There is another aspect of the matter which deserves serious and immediate consideration by Government. In a country like ours, deficient in so many ways, the one thing which we cannot afford is duplication of work and maladjustment. If we scrutinise the working of the different departments of the Government we sometimes find that the same type of activities are carried on by different departments. Agricultural improvements, for instance is as much the sphere of the co operative department as that of the Agriculture department. Similarly, the improvement of the cattle wealth is the jurisdiction of both the Co operative and the Veterinary departments. I think, it was time that these nation-building activities were all run under the aegis of co operation, particularly, as we have now decided finally to organise the whole village multipurpose co-operative societies and these different activities could all be carried out through these multipurpose societies with the guidance of the workers of the department concerned. This might save a lot of money and a lot of time and would certainly remove any chance of duplication in the same sphere of work. I find that some provinces are establishing Gram Panchayats and have passed Legislations giving these Panchayats certain powers. This again, is duplication and might lead to complications. The Co operative Societies could easily discharge these functions and they should be entrusted with the task.

The Co-operative Department

While the co-operative movement must remain essentially a movement run by non-official agency, circumstanced as we are at present, Government's co operative department is by no means any the less important for the movement. It is the steel stiffener of the co operative structure and the reinforcement in the pillars of the movement. It is the duty of the department to keep every section in its proper place and to aid and advise and even to check and guide every section of the movement, the only difference between the control of the co-operative department and of the other departments being that its control should be animated by a desire to help and should be shaped in the mould of co-operation. It should adopt the policy of persuasion rather than that of compulsion.

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

.. . . *Hamsaihi yatha kshiram ivambu madhyat*

The one thing that the department must shun as poison is to allow any rivalry to grow even in the matter of popularity between it and any section of the movement, be it the Federation or the Provincial Bank or any other. Let us remember the wise words of John Ruskin, "Government and co-operation are in all things the laws of life. Anarchy and Unhealthy Competition the laws of death". (*Unto this last*).

In connection with the departmental officers, I have always advocated a closed service in the Co-operative department. Constant transfers and recruitments from the general line to the co-operative department is not, in my opinion, conducive to the well-being of the movement. The working of the co operative movement requires a technique which is not achieved in a day. It also requires a mental outlook which is vastly different from that required in purely administrative services. It requires the zeal of a missionary which again is not necessarily a hand-maid of administrative effiiciency. I would, therefore, take this opportunity of pressing upon all concerned the extreme desirability of having a closed service for the co-operative department. The movement has expanded and is likely to expand further. A service, therefore, solely for the co-operative section will not be unjustified even on the ground of numerical strength.

Rural Finance

The need for rural finance is one of the biggest problems of this country and it is idle to think of the raising of the standard of the people without providing resources with which the countryside could be improved. The problem is indeed vast, considering the vastness of the country, but it is not impossible of solution. Sources of money in the rural areas have not been fully tapped and if local resources are fully utilised much of the finance can be available in the villages themselves. There is no denying the fact that it can best be done by the co-operative methods. As a result of the Banking Enquiry Committee, Government encouraged opening of rural branches of commerical banks, but it has not achieved any result yet, nor is it likely that it can ever succeed. It is, in my opinion, the primary obligation of the Government to see that rural enterprise does not wither away for want of finance. Agriculturists in my country are intrinsically honest and consider the repayment of debts not only a material obligation but also a moral obligation. I would remind you of the time when depression had set in after the first great war and when it was felt that the investments of the co-operative movement were not likely to be repaid, that they had become frozen and that there was no prospect of recovery. How mistaken the view was had been proved by subsequent events during and after the second world war. As soon as the Agriculturists and the members of the society had money in their hand they made immediate repayments and even the normal procedure of award and liquidation was resorted to in a very insignificant number of cases. In several provinces the recoveries far exceeded the estimates made for recovery and we are gratified to find that the members of the societies are thoroughly dependable and given the opportunity and resources there would be no cause for misgivings from that quarter. I think, the honesty of the borrower is as great a security for the loan as are his material assets and where we could have both it would leave nothing to be desired. Another proof of the co-operative societies and members being instrinsically sound and dependable is obtained from the fact that almost in every province an appreciable number of societies have, even in these two decades with vicissitudes and depression intervening, been able to build up good reserves and are carrying on their work, advancing loans and taking part in distribution of commodities entirely with their own reserve fund. If such good results could be obtained in thousands of societies, I have no doubt, it will be accepted that

given the resources, the will and the necessary staff it is not impossible of achievement in the seven lakhs of villages in this country. The Royal Commission on Agriculture, commenting on this aspect stated in regard to the position obtaining in the whole of undivided India in the following terms:—

"Two million members of the Agricultural Societies owned their societies a sum of Rs. 18 crores of which nearly Rs. 6¾ crores was their own money being Rs. 2½ crores of sharecapital, Rs. 1¼ crores deposits by members and Rs. 3 crores as reserve fund."

The position has greatly improved after the Commission's report. These are eloquent figures and the worst critic will not call it a small achievement. Above all it shows the path to the solution of, perhaps, the greatest problem of this country viz., rural finance. In a predominantly agricultural country like India no government can afford to ignore the requirements of the agriculturists and must necessarily make due provision for it. If it does not do so it fails to fulfil its most primary obligation and does so at its peril. The International Economic Conference held at Geneva observed-" that the first condition of surmounting the difficulties of agriculture was the organisation of suitable credit institutions and the best form of this institution appeared to be the co-operative credit societies."

In my experience as an humble worker in the movement, I have observed that the government sometimes feels uncomfortable in spending the tax-payers' money on the co operative movement. Here again is a misconception. There could not be, in my humble opinion, a more proper channel of expenditure of the tax-payers' money than through this movement. For, after all who are the tax-payers—the agriculturists in this country predominantly—and the co-operative movement is perhaps the only organisation solely and exclusively devoted to the amelioration of the condition of the agriculturists. The expenditure on and through co-operation for rural relief is and must be almost the first charge on the resources of the Government. I may with profit quote here what Mr. Brayne of the Punjab had to say about it.

"Education and co-operation are the two hand-maids of all the departments of Government to bring things they have discovered within the easy reach of even the poorest and the most distant villages and to clothe the dry bones of the official machine with the flesh and blood of human sympathy and understanding and to teach the people by their own efforts to achieve health and happiness. I am not certain that government would not gain in every way if each department handed over all its village work to the co operative and the education departments and leave these two to spread civilisation in the country-side".

The movement needs long-term capital at a low rate of interest for, short-term loans can only keep the agriculturists in a state of living from hand to mouth and it is only through long-term capital that he can improve his holding and bring local self-sufficiency. This aspect of the question, I have no doubt, is receiving the attention of your government and let me here place on record the fact that the Government of Madras have in this matter carried on a policy which is deserving not merely of approbation but also of gratification.

It might be useful to know what other countries have done to meet their needs of rural finance:

In Australia, the State Bank has a rural credit department to which the Government treasury is authorised to advance loans upto £ 3 millions. In addition to this, 25 per cent of the net profits of the note issue department is to be paid to the Rural Credit Department upto a certain maximum limit.

In the New Zealand Bank, there is a special department for long term loans with a capital of £ 3 million, a third of which has been subscribed by the State. The loans are recoverable in long periods extending upto 3[illegible] years.

In England a Bank called the "Agricultural Mortgage Corporation Limited" has been started under the Agricultural Credits Act which deals with long-term loans. The capital of the company was provided by the Bank of England and other Banks and the Ministry of Agriculture is empowered to advance loans to it to the extent of £ 7,50,000 free of interest for a period of sixty years and a recurring sum of £ 10,000 per annum for ten years for the administration and expenses of the Bank. The Bank is further empowered to raise money by debentures which are made trustee securities. The Government is empowered to underwrite the debenture issue for £ 5 millions and the Treasury has power to invest in them to the extent of £1,250,000.

I think it is now admitted on all hands that the period of slump and depression has started and in the circumstances there will be greater necessity of larger amounts being invested to meet the requirements of Rural Finance. As far as I know, in situations

like these Governments in other countries have, even,by devising artificial means and subsidies, kept the price of the Agricultural products at a certain minimum level. The price of food grains is certainly high even to-day but the prognostications are that it would have a quick fall and it is just the time when Government and others interested in rural welfare and in the biggest industry of the country namely agriculture, should take time by the forelock and devise ways and means to prevent the collapse of agricultural economy. The co-operators should also consider the matter carefully and secure facts and figures of the period when depression had set in after the first world war, for, the information may be helpful in preventing disaster at the present time.

Expansion or Consolidation

The question of expansion or consolidation of the movement has received a certain amount of attention in recent years. There are advocates who would stay their hands and restrict expansion and devote themselves to consolidation of the co-operative movement. While there is a great deal of force in this line of thought the fact remains that the needs of the country are so vast that we can hardly afford to cry halt to expansion. In fact such a process may lead to stagnation and decay. A living movement must expand but it is quite possible to have consolidation and expansion side by side and even expansion could be so carried on that in the ultimate analysis it may bring about consolidation.

A certain amount of mental enthusiasm may be necessary in life, but ideology and theory can be useful only when it is capable of being reduced to practice. I feel, we must have a definite policy of expansion but with two safeguards; firstly, we should organise societies only in concentrated areas where there may be some societies in existence from before and start organising what we may well call 'co-operative colonies' say within a radius of five miles. Secondly, every member admitted into the society must be well educated in the principles of co operation and must be told in no ambiguous terms his liabilities and duties as a member of the co-operative society. Such an expansion will not only bring new life and energy into the movement but will also infuse fresh life in the old and decaying societies. These co-operative colonies will have a co-operative atmosphere and will develop a spirit of co-operative fraternity which will not only be useful for the colonists themselves but will render that assistance to India which it so vitally needs and which I am sorry to say, we lack in many respects. As to the speed and rate at which this expansion must proceed one has to look to finance and if the State comes to the aid, expansion can be as rapid as desired. If, however, the work of expansion is left to the resources of the movement itself then naturally the expansion will be circumscribed and limited by the funds that the movement can provide. Expansion, as I said before, must be planned and it should be so developed that a whole area studded with co operative societies might have its own central organisation and might be able with self-help and mutual help to look after themselves and meet the requirements of the members.

Credit and Non-credit Activities

It has also been discussed lately whether greater emphasis should be laid on the credit or the non-credit side of the movement. My personal opinion in this matter is that at this stage the discussion becomes more or less of an academic character. The movement has now reached a stage when we can well divide our attention to both kinds of co operative societies according to the needs and demands of a village or locality. There is much that can be said both for and against the two points of view and veteran co operators like Mr. Brayne and Mr. Kelkar have differed widely on this point. Mr. Brayne in one of his speeches said—"Credit will rarely lead to reconstruction but reconstruction can always lead to credit. I am not certain that by keeping credit first and reconstruction last we are not putting the cart before the horse." Mr. Kelkar, on the other hand, said "that credit must be placed in the forefront". There is no denying the fact that philanthropy and moral principles do not appeal to a hungry person and if you wish him to learn ethics and principles of morality you must arrange for a square meal first. Dispensation divine is for the good of His people and the fact that credit was taken up first and has gone so far is also, in my opinion, divine dispensation. But for the financial backing which the movement can now give to non credit work one would have been hard put to it to think of and spend on non-credit activities. We have, however, as I said before, come to a stage where the non-credit side of the movement should receive as much attention as the credit side.

Short, Medium & Long Term Loans

This question of credit and non-credit takes us to two other points, viz., whether the co-operative movement should confine itself only to meeting the every day requirements of the members or should it advance long-term loans also for debt redemption and land improvement.

The question of the short, medium and long-term loans has been the focus of attention for some time and there has been considerable controversy of late on this matter. There are some who hold that the proper sphere of the co-operative movement on the credit side should be only the advancing of short or at best medium term loans, the former recoverable during or at the end of the year and the latter spread over four or five years by annual or quarterly kists according to the crops growing in particular parts. Mr. Ramadas Pantulu, the renowned co-operator, was an exponent of this view. There are others, however, who hold that any banking institution and equally so a co operative bank cannot but take over all the commitments of its constituents. They hold that debtors as well as creditors are ill at ease when they know thet the debtor has to deal with many creditors. The minority report of the Central Banking Enquiry Committee while dealing with this very subject notes its experiences in these terms:—

"A banker would prefer his client to deal with himself and would desire to give that client everything that he wants provided he is satisfied about the solvency of the client and the security behind the loan".

The trend of the movement has also been on these lines. In fact, at one time, the co-operative department insisted that as soon as a member is admitted to a society his debts should be paid and the outside mahajan eliminated.

Although co-operation is not mahajani and the man counts for more than his money, yet as long as credit is one of the chief activities and as long as rural indebtedness is not brought under control and rural credit sufficiently established, we cannot ignore the elementary principles of banking nor can we overlook the weakness of human beings. To try to cure a disease without proper diagnosis and without proper safeguards for usual complications is risky indeed and therefore, to provide against the weaknesses of human beings even though it may result temporarily in sinning against the doctrines of co-operation should not be penal offence. Knowing as we do how an ignorant member is brought under the ever-spreading net of the village mahajan, it will not be safe from credit considerations to allow him short and medium term loans on personal credit through the co-operative movement and to permit him to mortgage his properties to a mahajan for his long term needs. The result in such a case would be disastrous. It is the result of this wise policy that although in many provinces the assets of members had become frozen, the movement was yet sound on the best of authority and the defects were remediable. Experiences vary according to circumstances and Madras has a different policy perhaps because it has a land mortgage bank to which all the long-term business could be transferred and the agriculturist relieved of a heavy burden of interest through a sister agency with the same aims and objects as ours.

I am, therefore, definitely of the opinion that as long as some other organisation to meet the long term demands of the members is not set up and the date appears to be yet distant in many parts of the country, we should endeavour to meet all the requirements of the members both short-term and long term though we may keep the accounts separately and fix the kists separately. My suggestion, however, has the underlying condition that long-term loan can be advanced only when long term finance can be secured. But the provision of credit facilities by no means ends our duties and difficulties.

Problems before the Movement and Their Solution

The co-operative movement is essentially a popular movement—this maxim to be axiomatic—has to be supported by materials which the non-officials in the movement can alone supply. We had, therefore, better survey the whole position and see what we can do.

Cottage Industry as Subsidiary Occupation

On the credit side if any tangible result has to be achieved, it is imperative that the members' sources of income should be increased. Agriculture by itself does not appear to be enough. In the first place agriculture does not give occupation for a whole year and people are idle for an appreciable period during the year. Then again agriculture and the production of country crop is by no means a very paying proposition in normal times *i.e*, excluding inflationary periods and to raise the status and the standard of the whole country-side, one has to find ways and means for introducing subsidiary occupations. Home industries have to be introduced, cattle breeding, poultry farming, erri-silk rearing, bee hiving, tanning, weaving and a hundred other things have to be thought of and introduced according to varying needs and varying environments. I would go to the extent of suggesting that it should be made compulsory for every member, at least new entrants, to have some sort of subsidiary occupation. For co-operation to live and thrive and earn good name it is essential that

we should enrol such men as have full faith in it and are prepared to work in the spirit of the movement. It may appear a little idealistic but I feel sure that it will become very popular after a time when we have convinced the people that it can be a paying proposition.

Supply of Essential Commodities Through Co-operatives

As I have said before, a certain amount of distribution of essential commodities was undertaken by the co-operative movement and it was successful in a large measure. It is, however, contended in certain quarters that trading and banking should not go hand in hand and that the risks of trading were too great for the banking resources of the co-operative movement. This question has to be viewed from two angles. Firstly, the view point of the financial risk involved in trading and secondly, the view point of the service that the movement can render by meeting the needs of its constituents and supplying to them commodities of essential requirements. With this question is also linked the distribution policy of the Government which in spite of its best efforts during the last five years has neither been able to bring down prices nor eradicate corruption.

Co-operation & Trading Activities

Let us examine the implications of the trading policy through the co-operative movement. While an ordinary dealer of a commodity, I mean the normal trade channel, takes from his business point of view the best advantage of high prices during scarcity and is willing to sell even below cost in times of plenty, the co-operative movement can do neither. Even when the commodity is scarce and is in great demand it has a fixed price above which it will not go and should not go. Then again, if the market goes down it cannot sell below cost as it has to render an account to its shareholders and other constituents. To think, therefore, of co-operative distribution in terms of normal trade channel is to ignore the basic difficulties and also the basic advantages. The Government and the people have to be assured that the prices are being slowly brought down and then maintained at a certain reasonable level. This process and this achievement if undertaken and secured by the Government directly would mean a very heavy cost on establishment and also loss in material sometimes by deterioration and sometimes by pilferage; but the responsibilities of the Government are so great in this matter that they have to devise some procedure by which consumers goods may be available at all convenient places and at reasonable rates. The results of depending upon the normal trade channels are quite clear and in spite of the best efforts and in some cases even deterrent action the results are writ large in terms of failure. On the other hand, even though co-operative institutions have undertaken this work comparatively on a small scale and in a small area, the achievement has been remarkable and the prices have been held at a certain reasonable level for the simple reason that co-operative distribution is not guided by profit motive, and being subject to supervisory control and audit of both officials and non-officials, even the staff employed by the co-operative institutions for the purpose of distribution are unable to practice what is so prevalent elsewhere. Co-operative institutions, however cannot compete with normal trade not because they cannot be as efficient but because of their inability to run with the hare and hunt with the hound. Co-operative distribution, therefore, must depend largely on the policy of the Government. If it is the desire to stabilise prices and not to leave the consumer at the mercy and exploitation of the trade then I submit, there cannot be a better agency than the co-operative agency for distribution of essential goods on a wide scale. Even procurement of food-stuffs has been carried out by co-operative institutions and has been found to be less costly and more successful.

Government and Co-operative Distribution

Co-operative movement has gained a certain amount of experience in this direction and a welfare State should not lose the advantage of the experience which has been gained by a welfare movement within the State. The financial risk involved in trading will be largely eliminated if co-operative distribution is carried on in a secured market. Co-operative stores have faced competition with normal trade and have not been found wanting, but in order to embrace large areas and a vast population something more will be needed as indicated before. One of the functions and an important function at that, of a multipurpose co-operative society is to supply all the needs of the villager and in carrying out its duties and obligations it will naturally have to take up the work of trading and distribution. In the context of these things the problem is not whether co-operative movement should take up distribution but the problem is only how it should do it and what assistance it is possible for the Government to render to the movement in this direction. Obligations of a Welfare State are well known and in this connection also I would submit that the Central Government should call a conference of all interested including

the co-operators to decide which commodities should continue to be distributed by the co-operative movement and how it should be done. It is the want of essential needs that drives men to desperation and leads to the over-throw of Governments and it would be wrong from any point of view to let this aspect occupy a secondary position. Mal-adjustment and mal distribution have caused more trouble than even scarcity and I have no doubt that if the Government employ the co-operative method of reaching to the consumer his vital needs they shall not only be discharging their most important obligation but they shall also be making for themselves a permanent abode in the heart of the people who are placed under their charge.

A widespread activity of distribution through co-operative channel has another aspect which may be kept in view. One of the causes retarding the growth and development of cottage industries in this country, is the lack of sales arrangement of the produced goods. So far as our cottage industries are concerned, they produce good things and useful things, but there is no arrangement for marketing the goods and the result is that their products go to waste. The predicament of the cottage industries reminds me to a stanza in Gray's Elegy:

"Full many a gem of purest ray serene
The dark unfathomed caves of ocean bear ;
Full many a flower is born to blush unseen,
And waste its sweetness in the desert air."

Co-operative distribution if spread over a large area will fully solve this difficulty of the cottage industries because it will undertake the marketing of these goods, the cottage industries being unable financially to bear the burden of maintaining an efficient sales organisation. Perhaps you know as well as we do in Bihar, that in spite of the general scarcity of cloth, the cloth manufactured by Khadi Samities is not finding a market. There are heavy accumulations of stock and the weavers are starving for want of employment. Such a state of affairs will be inconceivable if we had a net work of distribution system spread over the country through co-operative institutions. Every one who keeps himself posted with day to day affairs, knows how your Chief Minister has been able to influence the decision of the Central Government and has secured some relief for those engaged in the production of hand-spun and hand-woven cloth. This is just one problem but there are many others which can be tackled satisfactorily only if co-operation was given a chance and necessary governmental assistance and backing to undertake this distribution work on a large-scale was available.

New openings for Co-operative Effort

There is another avenue which has now opened up and which can be taken up by the co-operative movement and I am sure the assistance here again of the co-operative movement will be very helpful. I mean the management of the Zamindaries which have been taken over by the Government. In certain provinces the Zamindari Abolition Acts lay down that the management of Zamindari may be entrusted to Gram Panchayats. I see no reason why co-operatives should not take up this work. If the villager is entrusted with the administration of the revenues of his village, it will be the beginning of the Ram Rajya which we have envisaged for such a long time and for which hundreds and thousands of people of this country have suffered and made Himalayan sacrifices. The matter deserves discussion at high level for I feel that it will not only solve the difficult problem of rent collection but will also aid co-operative farming in the long run. I take this opportunity of drawing the attention of all concerned to this important matter.

There is another avenue for co-operation, that is, the management of industries connected with agriculture; an experiment in this behalf is being made in the State of Bihar where a Co-operative Cane Development and Cane Marketing Union has taken the lease of a sugar mill and with the assistance of the State Government and the State Co-operative Bank it is arranging to run the mill. Let us hope that the effort will be successful in which case it will open up vast avenues for enterprise in this direction.

Co-operation and Reserve Bank

The Reserve Bank of India, I am glad to find, has been taking progressively increasing interest in the co-operative field and has rendered material assistance to several States in co-operative finance. The recent amendment to the Reserve Bank Act authorising short-term loans to be repaid within 15 months has been an appreciable assistance and is certain to help the movement in financing short-term loans. Where Land Mortgage Banks have been started the Reserve Bank has also taken up a certain portion of the debentures floated. This interest taken by the Reserve Bank apart from giving financial assistance also lends weight to the credit-worthiness of co-operative institutions and

thus creates a confidence in the depositors' circles. The Reserve Bank, however, still has touched only a fringe of the problem and there are still many provincial banks which have not been able to take the advantage of the facilities granted by the Reserve Bank. The Bank has a scheme of sending its representatives to the States to discuss the needs of the co-operative movement and they have completed their enquiry and investigation in a good number of States. I have reason to hope that the movement will make use more and more of the facilities and the assistance granted by the Reserve Bank. The avenues of financial assistance, however, from the Reserve Bank will have to be expanded and societies like Housing Societies which have a very safe investment and which afford a spectacular demonstration of the good results achieved by co-operative methods may be included in the list of schemes deserving of the Reserve Bank's assistance.

The Standing Advisory Committee on Agricultural Credit of the Reserve Bank of India which meets from time to time discusses important problems which arise and the Reserve Bank tries to implement the recommendations of this committee. This step is likely to be of great assistance both to the Reserve Bank and to the co-operative movement.

I must take this opportunity also of saying a word about a publication sponsored by the Reserve Bank known as the "Review of the Co-operative Movement in India". It is encyclopedic in its details and not only informative but also instructive. I wish that this publication should come out as an annual publication and should as far as practicable be published in good time after the year under report for, facts and figures two or three years behind time howsoever useful become a sort of post mortem examination while a year to year review giving the latest figures is likely to be of greater good. The authorities of the Reserve Bank on the Agricultural Credit side deserve the thanks of the co-operative movement for the interest they are taking and I have no doubt that all concerned with the co-operative movement have high appreciation of the efforts that the Reserve Bank is making in this direction.

Co-operation in Madras

Madras is like Mecca (a place of pilgrimage) for the co-operators of India. The progress that co-operation has made in this province, the achievements it has recorded and the aspects of life that it has touched is remarkable and must be a matter of gratification for all the workers who have taken any interest in this State. You have in your Registrar, Sri J. C. Ryan, an eminent co-operator who though an official has all the enthusiasm and the missionary spirit of a non official worker. A man of broad outlook coupled with mastery of details, of genial temperament associated with firmness of administration, he will, I am sure, be remembered not only in this province but also outside for the lead and guidance he has given to the co operative movement. In the present set up of things, the Registrar, in his report, has given the definition of co-operation and laid down its aims and objects in terms which cannot be improved upon. His report on the working of the societies in the State of Madras for the year ending 30th June, 1951 starts with this definition which is well worth repeating in this Conference. He says :—" Co-operation aims at the establishment of a new economic order an order in which the evils of capitalism which often exploit the weak for the strong are eliminated and the attractions of Communism whose intention is to distribute wealth among the masses are retained. It is a system which recognises the right to private property and advocates that every one should help himself in company with others in a spirit of mutual service." Even in the very first paragraph of his report, the Registrar places on record and expresses his thanks to the vast body of non-official leaders who have been responsible for the growth and expansion of the movement and for the achievements it has recorded. Any official agency which starts with this co-operative spirit is well worth emulation by others similarly placed.

This State has 24,205 societies with 34.35 lakhs of members and Rs. 85.23 crores of working capital. This is a record of which not only co-operators in this State can be proud but which must be a matter of pride and pleasure to co-operators generally in this country. The advances made during the year by your banks go up to a figure of Rs. 4,542 lakhs The deposits in the Central Banks amount to Rs. 1,183 lakhs and the credit made available to you by the Reserve Bank of India was to the tune of Rs. 330 lakhs apart from Rs. 350 lakhs which was made available to you from the Imperial Bank of India on the guarantee of the local Government. I am glad to notice that you have a scheme for a Rural Savings Campaign through which you hope to secure at least Rs. 200 lakhs. These are very encouraging figures and will do credit to any organisation. I am also glad to notice that you have a scheme to secure finance from the Reserve Bank of India for mixed farming activities and for processing of agricultural products, for a medium term loan for 5 years and for cottage industries. This loan when secured will, I have no doubt, go a great way to expand your activities and to enable you to render increasingly greater service to the people. In the matter of distribution of ration and other essential commodities your movement has been able to reach 61 percent of the villages which is an achievement to be recorded with pride in your history. It is the clearest indication of the fact that with a little more assistance you may be able to encompass almost your entire State and render service to the whole population. There is hardly an aspect of life which your movement has not touched and hardly any rural problem which it has not tackled. Apart from the service you are rendering to the co-operative society you have also rendered active and material assistance to the Government in the matter of audit and one feels happy to find that your audit department has not only audited all societies numbering 22,458 except 15—and even these remaining could not be audited on account of various difficulties —but has also audited free of cost the accounts of trade unions at the request of the Commissioner of Labour. Even urban societies which were audited by Chartered Accountants have now been audited by your staff.

The other pressing problem which you have tackled through co-operative movement, and which finds a prominent place in the publication of the Reserve Bank of India being their review of the work of the co-operative movement, is that of the rehabilitation of displaced persons and of increasing agricultural production. No one will deny that these two problems viz., the problem of food and of re-settlement of displaced persons must occupy very high priority among the questions that await solution. These refugees are the living martyrs of the freedom of India and every one of the thirtyfive crores of the people of this country must feel it a personal responsibility to do his best in this behalf. I consider this as not only humanitarian but divine work and every human heart will go out in prayerful appreciation of this work. You have also started co-operative societies for ex-servicemen. This is another important need of an independent country. The ex-servicemen who had dedicated their life for the defence and safety of the country do deserve special consideration on their retirement and the step you have taken in this direction is well worth being followed by other States. As I said before, you have touched all aspects of life and apart from credit and non-credit societies and land mortgage banks you have societies for cultivation of fallow lands, for provision of irrigational facilities, for the supply of manure, seeds and agricultural implements and six of your producers and consumers societies have even purchased tractors and are working them.

You have societies for milk supply, for egg marketing, fishermens' societies for sale of fish, food growers and vegetable growers societies, salt societies, sugar-cane societies, societies for the production of textiles, for production of goods on cottage industry basis and for co-operative distribution. You have taken part in prohibition and in firka development and have also organised Motor Transport Co operative Societies and Co-operative Housing Societies. Your Co-operative Training Institute seems to be extending its activities and your propaganda is successfully carried on by your own journals and papers. Equally creditable is your work in arbitration; for, I find that you were able to settle 32,630 references during the year.

The two aspects, however, which attract attention are those of liquidation and overdues. It appears that you had to cancel registration of 254 societies and there were 1,121 societies under liquidation. The total assets involved in the 1,121 societies amount to Rs. 62.79 lakhs. The percentage of balance to demand under principal and arrear interest seems to be on the increase. The percentage of overdues in respect of loans from members of societies is a little high being on 30-6-51 in principal 24.52 per cent, in arrear interest 60.07 per cent and in current interest 21.88 per cent. Out of the societies in this State the number of societies that worked at a profit was 9,017 and the net profits made by them for the year was Rs. 18.19 lakhs, while the number of societies that worked at a loss was 5,790 and the loss sustained by them came to Rs. 11.68 lakhs. These are important figures and deserve your careful attention. It has been found that overdues have a tendency of assuming the proportions of an epidemic and they have, therefore, to be checked with a strong and firm hand. I have no doubt you and your Registrar will be able to tackle this problem satisfactorily. It is gratifying to find, however, that you are serving about 65.54 per cent of the villages in your State and 17.98 per cent of the population. If the societies could become whole village societies the percentage of populatioin served by you will increase rapidly and it is here that the consolidation programme assumes importance.

Before I take leave of you I should like to remind you how sacred is our task. We are out to relieve the weak of his burden to

supply the needy with his want, to remove distinction between the classes and the masses, to reach to every citizen at the cheapest cost, the goods of his essential requirements and to handover to all alike the key of the shrine of Opulence. Is any sacrifice too great for such a noble object? I say, No. Therefore, on to our work is my appeal to all co-operators.

I would like to state from this platform that we seek neither power nor patronage but only an opportunity to serve humanity and the country.

Let co-operators endeavour to give material and tangible shape to the dream of Tennyson, who wrote thus:—

"I dreamed
That stone by stone I rear'd a sacred fane
A temple, neither Pagoda, Mosque or 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."

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

1. This Conference is grateful to the Planning Commission for recognizing the value of the co-operatives as a suitable agency in the proposed Five Year Plan. This Conference is strongly of opinion that maximum use should be made of co-operatives for the implementation of the Plan.

2. This Conference requests the State Government to implement the recommendations of the Planning Commission contained in Chapter 10, Paragraph 22 of its Report and urges that every Ministry should accept and adopt the policy of fostering co-operative methods of business for obtaining rapid and lasting results. As an instance, the Public Works and Irrigation Departments should entrust their work to Labour-Contract Co-operatives instead of to private contractors thereby eliminating the middlemen and replacing the contractors.

3. This Conference suggests that to increase agricultural production and develop cottage industries as envisaged by the Planning Commission, the best method is to establish co-operative land colonisation societies, field labour societies and industrial co-operatives wherever possible and where there are proper personnel available.

4. This Conference requests that in Community Project areas, wherever there is genuine need and proper human material available, should be constituted (1) labour contract societies for laying roads, streets, etc.

(2) house construction societies to provide houses in the rural areas (3) marketing societies and agricultural improvement societies with facilities for production and marketing with provision for godowns in addition to multi-purpose co-operative societies for doing propaganda, spreading adult education, rendering maternity service and taking up health improvement work.

5. This Conference requests the Government to expedite the amendment of the Reserve Bank Act permitting it to lend money to co-operatives to enable them to advance medium-term loans (*i.e.*, 3 to 7 years) to agriculturists, cottage industries societies and land colonisation societies.

6. This Conference resolves to request each of the Central Banks to select one or more village agricultural credit societies affiliated to it and provide all the short and medium term financial requirements of the select societies after admitting all eligible agriculturists in the area of operation of such societies as members as a pilot measure and watch the results; this Conference further resolves to request the Reserve Bank of India to provide the necessary finances for the purpose to all such Central Banks which take up the new scheme.

7. This Conference resolves to request the Reserve Bank of India through the Madras State Co-operative Bank to consider as a seasonal agricultural operation the deepening of wells and the purchase of cattle for the purpose of giving short term credit.

8. This Conference resolves:

(*a*) to request the Government to amend the rules under the Village Panchayats' Act so as to enable Village Panchayats to lodge their funds in current savings accounts of approved Co-operative Central Banks also.

(*b*) Also to request the Government to permit the local bodies and and Municipalities to invest their funds in the Central Banks approved by the Registrar of Co-operative Societies not exceeding the limits that may be prescribed by him once in a year with reference to the financial condition and needs of each bank instead of the present procedure of obtaining permission each time an investment is to be made.

9. In view of the large accumulated stock of iron and steel goods with the primary societies, this Conference suggests that the wholesale stores may be requested by the Registrar to take them back and arrange for re-distribution wherever it is possible and also that the Agricultural Department may be approached for help in this matter.

10. This Conference recommends to the Government that where suspension of licences of wholesalership or cancellation is sought to be made by the Collector, the Deputy Registrar of the district should be consulted and if the Collector does not agree with the views of the Deputy Registrar the Registrar may be consulted; in case of disagreement between the Collector and the Registrar, the orders of the Government should be obtained before passing final orders so that the interests of co-operative institutions may not be prejudiced.

11. This Conference requests the Government to instruct the Railway Authorities to give priority to Co-operatives in the allotment of wagons for moving foodgrains, oils, etc. as much difficulty is experienced in transport.

12. This Conference requests the Government of India to include the articles produced by our handloom industry in the trade agreements with the foreign countries.

13. This Conference appreciates the proposal of the Government of Madras to reserve certain varieties of cloth for the handloom weavers and urges the Government of India to approve them in the interests of the largest section of artisans in the country.

14. This Conference requests the Government to continue the financing of co-operative building societies to the extent required in view of the urgent need for relieving congestion in rural and urban areas.

15. In view of the need for multiplication of houses to relieve housing congestion in towns and villages, this Conference requests the Government to alienate land free of cost in favour of the society and to sanction the required interest-free loan for building low-cost houses at a cost not exceeding Rs. 3,000 each on hire-purchase system spread over 30 years.

16. This Conference requests the Government of Madras to issue necessary instructions to the local bodies to pay such compensation as may be agreed upon for handing over to them the roads and streets, construction of which was undertaken by Co-operative Building Societies.

17. This Conference requests the Government and the Municipalities and Major Panchayats to subsidise the construction of roads and provision of such other amenities in all the Housing Co-operative Societies.

18. This Conference requests the Central and State Governments to issue orders that the institutions under their direct control may purchase their milk requirements from co-operative institutions in preference to private dealers wherever such facilities are available.

19. This Conference requests the Government:

(*a*) to place under the control of Milk Supply Societies reserve forests etc., for grazing of cattle;

(*b*) to start model dairy in every taluk centre under the auspices of Milk Supply Societies;

(*c*) to amend suitably the Municipal or Local Bodies Act exempting the members of the Milk Supply Societies who own cattle from obtaining new licences for dealing in milk.

20. In view of the various handicaps suffered by the Milk Supply Societies in the matter of supply of milk to institutions and individuals in competition with the private dealers, this Conference requests the Government to constitute a Committee for examining the whole question of milk supply to public institutions and to make proposals for utilising the services of milk supply co-operatives in preference to private channels of milk trade on account of the public and utilitarian nature of co-operative institutions.

21. This Conference requests the Ministry of Railways and Transport to permit licences to milk co-operatives recommended by the Registrar to run milk bars at the platforms of railway stations and to allow them to sell milk and milk products and to accord them reasonable facilities in the matter.

22. Whereas Life Insurance on co-operative basis plays a very important part in the socio-economic life of the middle and lower middle classes, viz., salary earners with limited means, artisans and agriculturists, by promoting thrift and self help, this Conference extends its whole hearted support to this form of co-operative activity and exhorts all co-operators, official and non-official, to whole-heartedly interest themselves in popularising co-operative life insurance, particularly in rural areas.

This Conference calls upon all co-operative institutions, more particularly the rural societies in the State to make it a regular feature of their activities to get all their members and their dependents insured with the South India Co-operative Insurance Society, this being the only rural co-operative insurance society.

For the development of Life Insurance on co-operative basis and to safeguard the interests of Co-operative Life Insurance companies it is necessary that comprehensive legislation to regulate the working of the Co-operative Life Insurance companies in this country be enacted. Among other things the investments by Co operative Insurance Societies in co-operative movement should receive special consideration. For the development of life insurance business on co-operative basis it is also necessary to enable all co-operatives in this country to directly interest themselves by acting as agents. For this and other allied objectives this Conference requests Co-operative Departments in the several States to use their good offices with the Union Government and persuade them to enact appropriate legislation to govern the working of Co-operative Insurance in this country.

This Conference is of the view that in the Community Project schemes inaugurated by the Government special attention should be paid to the introduction of Life Insurance on co-operative basis, as such an attempt will greatly benefit the rural and labour population in cultivating the habits of thrift and self help. The Community Projects Officers are therefore to be requested to include in their programme of work the Development of Life Insurance on co-operative basis in the community project areas.

This Conference endorses the attempt of the All-India Co operative Insurance Societies' Association to federate all the existing Co-operative Insurance Societies in this country as such co-ordination is bound to promote the healthy and progressive growth of Co-operative Insurance in this country. This Conference urges the Indian Co-operative Union to take necessary steps in this direction.

This Conference enters its protest against the decision of the Executive Committee of the Life Insurance Council to abolish the concession made to members of Co-operative Societies in charging reduced rates of premiums by the Co-operative Life Insurance Societies, as this decision will retard the growth of Life Insurance in rural areas. This Conference therefore requests the Executive Committee of the Life Insurance Council to reconsider its decision.

This Conference also appeals to the State Government and the Central Government not to give effect to this recommendation of the Executive Committee in the larger interests of rural population and of the co-operative movement in this country.

23. This Conference reiterates the resolutions passed in previous Conferences with regard to separation of audit work of the Department from the Administrative side. This Conference feels thankful to the Government of Madras for accepting the principle of separating Audit from Administration of the Co-operative Department but expresses its profound dis-appointment at the afore-said policy of the separation of the two departments not having been given effect to for the last three years.

24. This Conference resolves to request the Government that:

(*a*) (i) for the executives of co-operative institutions and their immediate subordinates in district societies, big primary societies and provincial societies, a separate cadre of co-operative executives should be formed on a State basis liable to transfer and eligible for promotion where possible on a State level under the State Bank's control;

(ii) for junior and senior clerks, for service in the district institutions and other small institutions a cadre II of employees should be formed on a district level under the control of the District Bank;

(*b*) This Conference also requests the Madras State Co-operative Union that for training the personnel in the two categories, the State Union should establish a College and other necessary training Institutes; further that the Executive Committee of the State Union should go into the details of the scheme and carry out the scheme with suitable modifications in consultation with the Registrar who shall be co-opted as a member of the Committee for considering the proposals.

(*c*) This Conference resolves to request the Madras State Government to utilise the subsidy indicated by the Planning Committee to convert the Central Co-operative Institute into a College for training both official and non-official co-operators for higher studies under the auspices of the Madras State Co-operative Union on the Bombay model.

THE FIRST RAJASTHAN CO-OPERATIVE CONFERENCE

Held at Kotah on the 29th & 30th September and 1st October 1952

The proceedings of the Conference began with the hoisting of the Co-operative Rainbow Flag on the Conference grounds by His Highness Sri Bhim Singh Sahib of Kotah and Upraj Pramukh of Rajasthan, in the presence of a huge gathering of delegates from all over Rajasthan, distinguished guests and numerous visitors from far and near.

Extracts from
The Welcome Address by Shri Shambhu Dayal Saxena, Chairman, Reception Committee

Welcoming the delegates from all over Rajasthan and Dr. K.N. Katju, Shri Shambu Dayal Saxena regretted the discomforts and inconveniences caused to them in attending the Conference and reminding them of what Bhagwan Shri Krishna had said to Duryodhan at the time of the latter's invitation, hoped to be excused for all the defects and deficiencies in management. He then stated the objects of the Conference and said that after the integration of 20 erstwhile States which varied considerably from each other in respect of co-operative development and in many of which there was no co-operative movement at all, it was almost essential for representatives of co-operative institutions, co-operative workers and co-operators, official and non-official, to come together and discuss their problems and difficulties in the new set-up and find suitable solutions thereof. He also suggested a sort of Committee to study the existing conditions in different parts of Rajasthan to enable the formulation of a division wise and district-wise plan of co-operative development for Rajasthan. He deplored that the Government had not taken co-operative institutions and non-official co-operators into confidence in respect of the new Co-operative Societies Act which was said to be on the anvil and even in the execution of the five year plan and community projects, and pleaded for the establishment of a Rajasthan Co-operative Institute on the same lines as in other States to provide the necessary forum for all non-official co operative workers to focus non-official public opinion on co-operative problems and to serve as a liaison between officials and non-officials in the field of co-operation. In his exhaustive address, he further referred to the scarcity conditions in certain parts of Rajasthan, the housing and other economic difficulties of displaced persons and the gradual decline of small and cottage industries in the State and emphasised that all these and other similar problems could be effectively solved and the standard of living of rural masses raised gradually by the application of co-operative methods to farming, housing, credit, distribution, small and cottage industries etc., if only the Government were serious about it.

He then quoted figures to prove that Kotah had been not only the pioneer but also the most progressive in respect of the movement in Rajasthan and paid a glowing tribute to the Royal family of erstwhile Kotah State

their benevolent far-sightedness and splendid contribution they had de in this regard and especially to the late His Highness Shri Umed gh Sahib who sowed the seed and to the present Maharao His Highness i Bhim Singh Ji Sahib whose uniform and liberal p.tronage is now bear- flowers and fruits. In the end, he referred to the great services and rnational reputation of Dr. K. N Katju in the field of co-operation and ressed his confident hope that under his inspiration and the guidance Shri Yadav Ji, the President elect of the Conference, they shall succeed achieving the aims for which the Conference had been organised and the operative movement would secure strength and momentum along sound s in all parts of Rajasthan.

Extracts from
The Inaugural Address by Dr. K N. Katju, Union Minister for States and Home Affairs

Dr. K. N. Katju, while inaugurating the First Rajasthan Co-operative nference, presided over by Shri Amrit Lal Yadav, Rajasthan Minister Co-operation, observed most emphatically that the economic salvation ndia could be achieved only through Co-operation and by no other hod.

Reviewing the history of co-operation in India Dr Katju said that in ient time the people of our country followed this principle in their every life and did not depend upon the rulers. Being a Welfare State it was v India's first responsibility to raise the standard of living of its people, said.

The Home Minister said "during the British times our entire economic icture collapsed" and a highly centralised administrative machinery was oduced which completely brought an end to the spirit of self-sufficiency self-reliance—the basis of the principle of co-operation. During that iod the economic condition of the cultivator greatly deteriorated and he burdened with debts. The Co-operative Credit Societies which were ned to improve their conditions could help them only to a little extent therefore had to be reorientated by multipurpose co operative societies, ch could help them not only to borrow at lower rates of interest, but to produce more, to sell their produce at better rates, to save more, to sfy all their requirements—production as well as consumption—and thus e their standard of living slowly yet steadily.

While congratulating the people of Kotah and thanking the Maharao ib of Kotah for having pioneered the co-operative movement in Rajas- ı, Dr. K. N. Katju drew the attention of the organisers of the Co- rative Conference that their success depended on how they laid the ıdations of its future development in Rajasthan and laid emphasis on non-official character of the movement. He asked the people not to end upon the Government Officers for the growth of the co-operative ieties but to go ahead themselves. Attempts should be made to enlist the support and co-operation of all sections of the people—*big, small, rich* and poor, without any distinction.

While admitting that the co-operative movement was suffering a lot due to lack of funds, he advised them to tap "local resources" in respect of funds, as well as human material, to carry on the day to day work of the societies. It was however, the duty of the Department to arrange for the necessary training of workers at the village level, which according to him was the only solution. The Home Minister called upon the women of India, especially educated ones, to come forward and work in this field for developing this movement.

Dr. Katju also stressed the need for opening Multipurose Co-operative Societies in each and every village, which should extend all sorts of assistance and help to the cultivators in increasing their production. He also asked every cultivator and villager to extend their co-operation to these societies in a spirit of service.

Concluding, Dr. Katju again reiterated that if the economic condition of the masses was to be improved and the general standard of prosperity in Rajasthan raised, it could only be done by the proper development of the co-operative movement in Rajasthan on sound lines and hoped that the deleberations of the first Rajasthan Co-operative Conference would give proper impetus and encouragement

Extracts from The Presidential Address by Shri Amrit Lal Yadav, Minister for Co-operation, Rajasthan

Shri Amrit Lal Yadav, expressed his great pleasure to see such a large gathering of brother co-operators of Rajasthan assembled for the first time and thanked the organisers for having done him the great honour of electing him as the President of the conference He said that co-operation was the only effective method by which poverty, ignorance and economic inequalities could be easily, promptly, and peacefully liquidated and all exploitation and profiteering put an and to. The Co-operative Movement, he observed, was essentially a peoples' movement, but here in Rajasthan the people had not so far taken their proper share in the movement, due to the illiteracy of the masses. The conference, he observed, was indicative of the new-awakening and confidently hoped that it will not only stimulate the movement but will also help to promote agriculture, cottage industries and the economic condition of the people of Rajasthan in other ways for achieving which our national leaders are straining every nerve. He further congratulated the organisers of the Conference on their praiseworthy effort and assured them of government help and patronage in every reasonable manner. He pleaded for the organization of the State Cooperative Institute and marketing federation.

Briefly tracing the history of the co-operative movement in Rajasthan, he said that since the formation of the new State the number of co-operative societies had increased from 2,700 to about 3,500 and that co-operative banks from 3 to 8, although Kotah Bank was the only one amongst them which could be said to be really sound and working successfully. He further disclosed that the Government had also decided to establish an Apex Co-operative Bank with a capital of Rs. 10 lakhs, out of which Government would purchase shares of the value of Rs. 5 lakhs with a deposit of Rs. 50,000 without interest to meet the preliminary expenses. He also referred to the arrangements made by the department for the training of personnel and for publicity by *means of field publicity vans provided with* all necessary paraphernalia and leaflets, pamphlets etc. For all this, he complimented Shri Rameshwar Prasad Bhargava, whom he described as an experienced officer interested in his work.

In the end, he once again paid a glowing tribute of sincere thanks to the distinguished guest of the day, Dr. K. N. Katju, for the valuable encouragement he had given to the co-operators of Rajasthan and expressed his final hope that he would continue to inspire and guide them in their efforts to ameliorate the condition of masses in general and of backward classes in particular through co-operation.

As Shri Amrit Lal Yadav had to go away owing to an urgent call, Sri Bhailalbhai J. Patel, Honorary General Secretary of the All-India Co-operative Union, presided over the Conference on the 30th September and 1st October.

The following are among the Resolutions Passed

1. This First Rsjasthan Co-operative Conference resolves that for purposes of making the co operative movement more extensive, useful, powerful and dynamic a Co-operative Institute be established. For this the Conference appoints an Ad Hoc Committee and authorises this committee to adopt the constitution of the Institute, get it registered and take necessary steps in this respect.

This Conference appeals to the Rajasthan Government to give recognition and financial assistance to the Institute.

The Conference further resolves that till the registration of the Institute the above mentioned Ad Hoc Committee will work as the General Council of the Institute.

The Conference empowers Shri Hiralal Jain to convene the First Meeting of the Ad Hoc Committee, the quorum of which will be 11 members.

2. There are vast areas of arable land in many parts of Rajasthan but proper organization is lacking. The peasantry is too down-trodden to reap the full benefit of land in their possession. Joint farming co-operative societies established in certain parts of the State only during the last four to five years are confronted with a number of difficulties and obstructions.

Similarly agricultural credit, seed and manure societies have also been working in Rajasthan for several years, but they too, have not made any appreciable contribution to the "grow more food campaign", nor have they enabled the agriculturists to obtain their requirements to their satisfaction at reasonable price. As a natural consequence the farmers are the greatest sufferers and had it not been for a little rise in prices, even the little prosperity which we see around us, would not have been visible.

This Conference, therefore, resolves that for the proper implementation of the State Agricultural Development Plan, some bold effective and radical action is necessary and that the attention of the Government and the agricultural co-operatives be particularly invited to the following steps :—

(1) That the maximum credit limit of members of agricultural societies be properly assesed and fixed after necessary scrutiny so as to enable the members to derive the greatest possible benefit from such limits.

(2) That Joint farming co operative societies be exempted from Section 15 of Rajasthan Protection of Tenants Ordinance, 1949 for want of which such societies are suffering a great deal and

(3) That joint farming co-operative societies be given preferential facilities in respect of the installation of tube wells, irrigation wells etc. so that they may be able to make their full contribution to the "grow more food campaign".

(4) It should be laid down as State policy to allot lands lying uncultivated only to such persons as form themselves into a co-operative society as an impetus to the Co-operative Movement in Rajasthan, since it had been observed that in many cases such lands are allotted to individuals in their personal capacity.

3. Resolved that the Government of Rajasthan be requested to appoint a Committee of Experts on the lines of "Saraiya Committee" to prepare a detailed plan of Co-operative expansion and development in Rajasthan.

4. In order that marketing of agricultural produce be co-operatively organised so that our simple illiterate farmers may get proper value for their produce and consumers may also benefit from equitable distribution, the first Rajasthan Co operative Conference, hereby emphasises the need of establishing Marketing Federations and wholesale stores for the whole of Rajasthan with a chain of affiliated marketing and sale and purchase societies all over the State and duly assisted, financed and supervised by the Federation or wholesale store as the case may be and requests the Registrar, Co-operative Societies to take necessary steps to that effect at an early date.

5. Since it is now recognized on all hands that co-operative method is the ideal method for achieving the economic progress of the masses and we shall require more and more men and women having faith in co-operation and knowledge of the working of different kinds of co-operative societies, it is resolved that the Government of Rajasthan, the Director of Education and the University authorities be requested to include co-operation as one of the subjects of study and examination for VII class and upwards, get suitable books prepared and published in Hindi and prescribe the same for different classes.

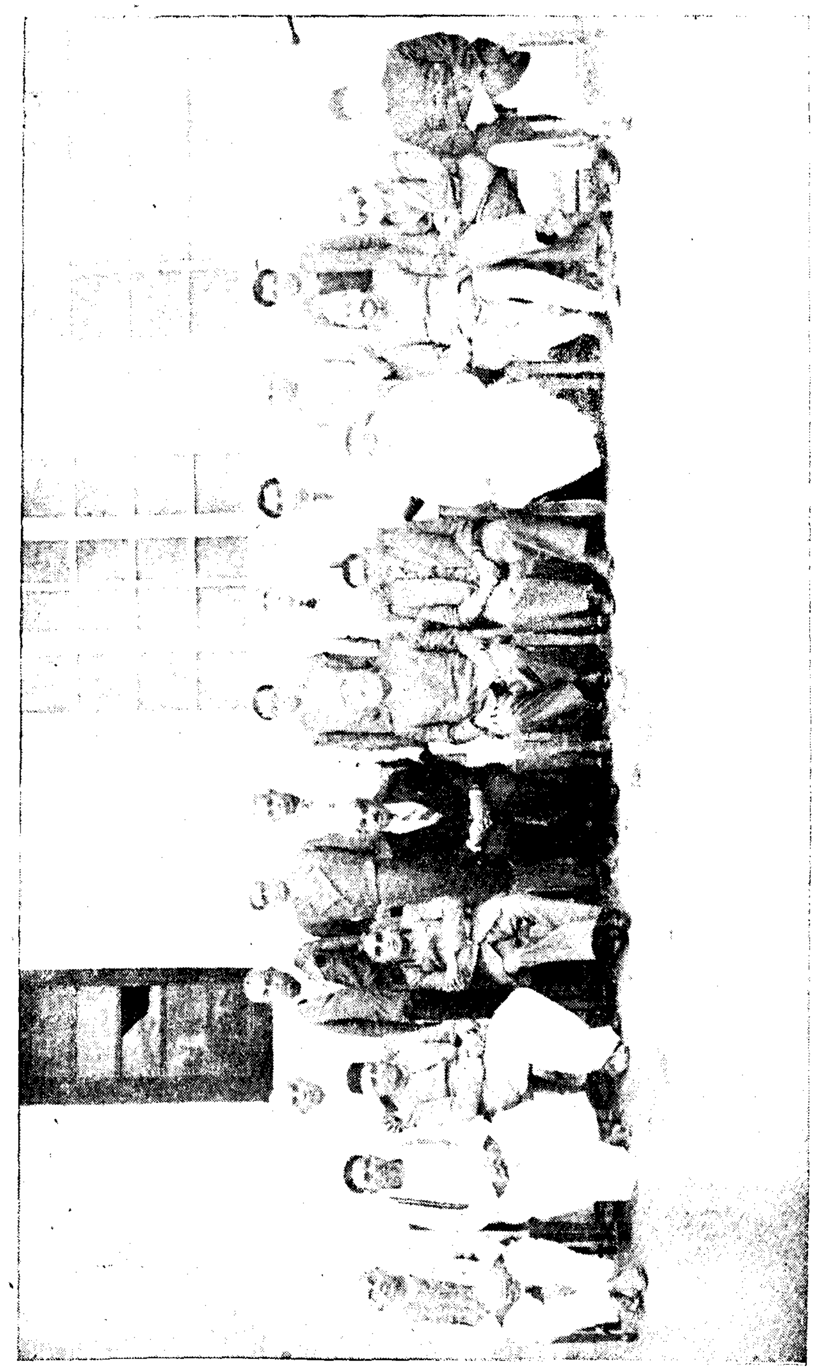

PHOTO TAKEN ON THE OCCASION OF THE MEETING OF THE EXECUTIVE COMMITTEE OF THE ALL INDIA CO-OPERATIVE UNION HELD AT DELHI ON 12-12-52.

From Left to Right (Sitting) 1. Shri P. I. Bellappa (*Coorg*); 2. Shri V. Jaggaraju, (*Andhra*); 3. Shri M. P. Kolhe, (*Berar*); 4. Shri V. P. Varde (*Bombay*); 5. Shri S. Srinivas, (*Vice President*); 6. Shri R. G. Saraiya, (*President*); 7. Shri B. J. Patel, (*Hon. Gen. Secretary*); 8. Shri N. Satyanarayana, (*Jt. Secretary*); 9. Shri S. P. Chaudhary, (*Jt. Secretary*); 10. Shri. Madhavarao Anvari, (*Hyderabad*); 11 Capt Dalip Mansingh, (*U. P.*)

From Left to Right (Standing) 1. Shri G. M. Tambe, (*Baroda*); 2. Shri T. Narayana Pillai, (*Coimbatore*); 3. Shri K. G. Gopalakrishnan, (*Travancore*); 4. Shri N. Ramakrishna Rao, (*Orissa*); 5. Shri Ashok Kaji, (*Bombay*); 6. Shri S. W. Fadnis, (*M.B.*); 7. Shri J. B. Patel, (*Baroda*); 8. Shri Raghuraj Swarup, (*U. P.*); 9. Shri R. M. Sheth, (*Baroda*);

A VIEW OF THE EXECUTIVE COMMITTEE MEETING OF THE UNION

(1) Mr. Shafiq-ur-Rehman Kidwai, *Minister for Education, Delhi State*; (2) Shri V. T. Krishnamachari, *Member, Planning Commission*; (3) Hon'ble Shri Rafi Ahmed Kidwai, *Minister for Food & Agriculture, Govt. of India*; (4) Shri R. G. Saraiya O. B. E. *President, All India Co-operative Union*; (5) Dr. Panjabrao Deshmukh, *Minister for Agriculture, Govt. of India*; (6) Shri Vishnu Sahay, *Secretary, Ministry of Food & Agriculture, Govt. of India*; (7) Shri B.J. Patel, *Hon. General Secretary, All India Co-operative Union*

6. It is well known that Rajasthan is famous for some of its cottage industries and a lot more can be done if a systematic effort is made to put them on co-operative lines. This would offer a very important contribution to the solution of the problem of unemployment also. As such it is necessary that a promotional agency or an industrial association assisted by the State be formed charged with the work of promoting and fostering small or cottage industries on co-operative lines and reorganising them on a proper footing.

7. While welcoming many of the recommendations made by the "Rural Banking Enquiry Committee", the Conference is of opinion that although Co-operative Banks or their branches are admitted to be the most suitable agencies which can serve the rural masses, make them bank-minded and mobilize rural savings etc, etc, their recommendations leave the general impression that commercial banks and particularly the Imperal Bank of India are proposed to be given a preferential treatment as compared to co-operative banks in so many respects. We, co-operators, feel that the claims of co-operative banks have been almost ignored. It is, therefore, resolved to request the Government to extend their patronge to the Co-operative Banks and strengthen their position and resources for the extention of banking facilities in rural areas, by :—

(1) giving them all necessary facilities for establishing themselves in tehsils and at other important places in rural areas;

(2) entrusing them with cash work in Government Treasuries and Sub-treasuries wherever possible, which will help them to come in contact with rural masses and attract their deposits in a much large measure than otherwise.

8. With a view to strengthen the resources of Co-operative Banks and enable them to carry on their work of financing co-operative societies to their satisfaction, it is hereby resolved to request the Government to recognize Co-operative Banks for the deposit of the surplus funds of all local bodies, Panchayats, Courts of Wards, school and college funds etc., and sanction free remittance of such funds at par through treasuries and sub-treasuries, provided they are meant for deposit in co-operative banks.

9. The chief aim of Co-operation is to develop and elevate the society as also the individuals jointly and severally along co-operative lines. Cultural and moral advancement presupposes the happiness of individuals which, in turn, is impossible unless due priority is given to the supply of the prime necessities of human life. The Government and the society are both in favour of equitable distribution of such necessities which is possible only if a number of consumers' co-operative stores are established and properly worked with that end in view.

The Co-operative Stores already working in the State are suffering financially for want of proper direction and adequate technical training. They are also not receiving necessary co-operation and encourgement from the Civil Supplies and other Government Departments except, of course,

18

the co-operative department. The Conference, therefore, resolves that the Rajasthan Government be requested to grant all reasonable facilities and encouragement to co-operative stores, thus enabling them to render the much needed public service by facilitating the equitable distribution of the prime necessities.

Further resolved that the Government be especially requested to issue specific instructions to all other departments that co-operative stores be not only not neglected but they should be sympathetically helped to solve their difficulties and active and liberal patronage be extended to them in all respects.

10. Ever since our struggle for freedom 'khadi' has been considered to be an essential item of our national costume. This important and constructive work was recognized by Mahatma Gandhi, the father of the nation, not only as a cottage industry but also as the main source of livelihood for the poor and the down-trodden. It is incumbent for every co operator to accept the gospel of khadi and see that its place and importance in national economy is not, in any way, diminished. Khadi is an emblem of economic equality which leads to all-round development and 'Sarvodaya' in action.

To day in this era of capitalism, when on the one hand unemployment and starvation are on the increase and the economic inequalities are being accentuated due to the patronage extended to capitalists on the other, it is necessary that we take to heart the message left by the father of the nation for us and do all we can to implement it.

The Conference, therefore, resolves that;

(1) Khadi and village industries be given all possible encouragement and patronage;

(2) the Union and State Governments should give it a proper place in their Five Year Plans and its development plan should be prepared district-wise. It is unfortunate that the khadi development has been deliberately excluded in all respects from the Co-operative Plan. The Co-operative Department is, therefore, requested to make necessary amendments in their programme.

(3) in order to encourage khadi and village industries the Government should make use of such products compulsory for their departmental needs. The Government be further requested to give effect to their own order No. F 18GA50 dated 10-1-52 by purchasing khadi lying in stock with khadi manufacturing co-operative societies due to slump;

(4) and that khadi and village industries be co-operatively run in Rajasthan, and financial aid, interest-free loans be made available from Government Treasury to such Co-operative Societies from time to time without let or hindrance. Co-operative Societies already engaged in this work be also given all possible assistance by the Union and State Governments and the Co-operative Department.

11. In consequence of the Jaipur Spinning and Weaving Mills Ltd. Jaipur having been permitted to dispose of 2/3 of its yarn by free sale, the condition of weavers is fast deteriorating and being deprived of their rightful share of yarn, their exploitation is on the increase.

The First Rajasthan Co-operative Conference, expresses great dissatisfaction in this regard and feels that owing to the exploitation of the weavers co-operative societies, the weaving industry itself is in danger. The Conference, therefore, emphatically requests the Government to immediately stop this free sale of yarn and allot all this yarn to co-operative societies and otherwise help and encourage them so that weavers and their societies, may be enabled to save and maintain this industry during these critical times.

12. This Conference is strongly of opinion that villages should be given priority over urban areas in any programme of Co-operative development and it is therefore necessary to re-organize the entire movement with that end in view, with particular reference to the following :—

(1) that the maximum credit limits of members of agricultural societies be so revised as to satisfy the needs of cultivators and benefit them to a large extent, while safe-guarding the interests of financing institutions;

(2) that necessary steps be taken to reduce rural indebtedness ;

(3) that villages be treated as basic units for purposes of co-operative education and propaganda;

(4) that efforts be made to eliminate red-tapism and promote general efficiency in the co-operative department;

(5) that the complaints of the members of the co-operative societies be referred to the proposed Co-operative Institute which should make necessary investigations and do the needful for the redress of greavances;

and (6) that grazing grounds be orgainzed co-operatively in each village for village cattle.

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EDITORIAL NOTES

28th Madras State Co-operative Conference.

The 28th Madras State Co-operative Conference was held at Madras on the 20th and 21st December 1952 under the presidency of Sri Syamnandan Sahaya, M.P., Vice-President of the All-India Co-operative Union. Sri D. Mahalingam, Vice-President of the Madras State Co-operative Union, welcomed the delegates and visitors and read the speech of Sri B. Venkataratnam Chowdary, Chairman of the Reception Committee, in his absence. Hon'ble Sri C. Rajagopalachariar, Chief Minister of Madras, inaugurated the Conference.

In the course of his welcome address Sri B. Venkataratnam Chowdary argued that the opinion held in certain quarters, viz., that there has been rural prosperity resulting in rural savings. was wrong. The increase in the borrowings from the short as well as long-term credit co-operative institutions by itself showed the inability of the agriculturists to meet the domestic and production expenditure. He hoped that his findings would be confirmed by the results of the Rural Credit Survey, undertaken by the Reserve Bank of India, throughout the country. Sri Venkataratnam Chowdary conceded, however, that the rural savings drive launched by the Registrar of Co-operative Societies, Madras netted the Movement as much as Rs. 1.06 crores by way of deposits, but did not mention anything about the sources tapped to get this money. Whatever be the findings of the Rural Credit Survey the necessity for the co-operatives to find more moneys locally to meet their increasing demands cannot be over-emphasised.

Sri Venkataratnam Chowdary, continuing, narrated briefly the progress of the Movement in the State and drew the attention of co-operators pointedly to the problems facing the Movement in the various branches viz., weavers, housing, consumers, milk supply, insurance, cottage industries, requiring immediate attention.

Hon'ble Sri C. Rajagopalachariar, inaugurating the Conference, stated that the success or failure of the Movement depended