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Indian Co-operative

Review

XIX — 2

Ap- June 1953

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

Luz, Mylapore, Madras-4.

President:

SRI BHOGARAJU VENKATARATNAM.

Authorised Capital	... Rs. 30,00,000.
Paid-up Capital	... „ 14,24,300.
Reserves	... „ 18,22,631.

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 31-8-'53.

Liabilities.	Rs.	*Assets.*	Rs.
Paid-up Share Capital ...	14,24,300	Cash on hand plus balance with Banks ...	5,90,007
Reserve and other Funds...	18,22,631	Loans to Primary Banks ...	3,06,42,210
Debentures ...	3,50,16,500	Sinking Fund Investments...	77,53,694
Deposits, Loans and Overdrafts ...	29,63,348	Other Investments ...	23,38,740
Sundry Liabilities ...	4,20,288	Sundry Assets ...	7,27,211
Overdue Interest not realised ...	40,432		
Net Profit	3,64,363		
Total ...	[illegible]0,51,862		4,20,51,862

O. V. CHINNASWAMY,
Secretary.

THE INDIAN CO-OPERATIVE REVIEW

VOL. XIX APRIL—JUNE, 1953 No. 2

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THE INDIAN CO-OPERATIVE REVIEW

1. Contributions are invited from advanced students and active workers in the co-operative field on aspects of co-operation with which the *Indian Co-operative Review* will deal from time to time.

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

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

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

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

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

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

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THE INDIAN CO-OPERATIVE REVIEW

VOL. XIX APRIL—JUNE 1953 No. 2

ALL-INDIA CO-OPERATIVE DAY

7th, November, 1953

Message of

Shri R. G. Saraiya, O. B. E., J. P.,

President, All-India Co-operative Union.

Brother and Sister Co-operators,

I extend to you all my cordial greetings on this the All-India Co-operative Day.

Last year, I referred to the blue-prints of the Five-Year Plan by which India proposes to evolve an economic and social structure suited to her own genius. The report of the Planning Commission has now been published and it gives the pride of place to the Co-operative Organisation in the following memorable words:—

> "The reorientation of the economy in terms of the objectives of the Plan involves a rapid extension of the Co-operative form of organisation. The possibilities of Co-operation in the vast fields of primary production, of cottage and small-scale industries, of marketing of agricultural produce, of residential housing, of wholesale and retail trade are immense. The encouragement of co-operative enterprise in all these fields has to be given the highest priority."

It is all the more necessary, therefore, that the co-operative workers in all the States and in all fields of activity should assist in building up the prosperity of the country.

Let each worker in the Co-operative Movement feel that he is an organic unit in the co-operative life of the country, and let him put forth his best effort for the implementation of the Plan through the Co-operative Movement and thus help to work out the destiny of the country.

I would once more urge upon the co-operative workers to organise themselves into State Co-operative Unions, where there are none, and to join through their societies the State Co-operative Unions where they already exist. With the affiliation of all these Co-operative Unions, in their turn to the All-India Co-operative Union, it would be possible for the Co-operative Movement of the country to work as one organic whole. Let the Co-operative Flag fly high over each Union and each Society, and be the symbol of the unity of the Movement.

The war clouds, which threatened humanity, seem to have dispersed; the tremendous problems with which the country was faced consequent on partition have, to some extent, been solved; and a new era has been ushered in for building up the economic prosperity and strength of the country by the co-operative endeavour of us all. Let the Co-operative Movement play a worthy part in the process.

R. G. SARAIYA,
President,
The All-India Co-operative Union.

EDITORIAL NOTES

21st Bombay State Co-op. Conference.

The 21st Bombay State Co-operative Conference was held at Anand on the 3rd, 4th and 5th April, 1953, under the presidency of Shri Gulzarilal Nanda, Union Minister for Planning. Shri Morarji Desai, Chief Minister of Bombay, inaugurated the Conference. Sir Janardan A. Madan, President of the Bombay Provincial Co-operative Institute, welcoming the delegates, referred to the striking developments of the Movement in Bombay State in some fields *viz.*, co-operative farming, lift irrigation. There were 224 co-operative farming societies with a membership of 5,994 and an area of 62,237 acres. The number of lift irrigation societies rose to 225 and the total area brought under irrigation by them was 54,241 acres. This is commendable progress indeed!

Shri Morarji Desai, inaugurating the Conference observed that co-operative movement should need Government control was a weakness of the movement itself. However, he admitted that he could not find anything wrong with the Movement in Bombay State and that therefore Government controls could be relaxed though gradually. How we wish such an approach is made in respect of the Movement in the country as a whole! While expansion of the movement was necessary, he said that the efficient working of the existing societies was equally important. In order to ensure efficient working, he advised the members to keep their societies above party factions and internecine strife and even to expell such members as were indulging in such activities. Instances are not rare to quote in the history of the Movement where petty quarrels led to either liquidation or complete departmentalisation of even well-run and established societies. It is of utmost importance that co-operators, all over the country, should strive to work in a team spirit composing their differences, even if there are, for the good of not only their societies but the movement as a whole.

Shri Desai opines that the Movement would be digging its grave if it aligned itself with *any* political party. We can appreciate his advice to keep the Movement aloof from politics generally, Co-operative opinion in the country does not appear to have yet crystallized around the idea of not aligning the Movement with *any* political party. While a proposal for the establishment of a co-operative party was negatived by an earlier All-India Co-operative Conference the general consensus of the House was in favour of some sort of co-operation with the Indian National Congress which had included in its election manifesto at that time and later in its constitution " the establishment in India by peaceful and legitimate means of a Co-operative Commonwealth based on equality of opportunity and of political, economic and social rights and aiming at world peace and fellowship". The question assumes increased importance as the Congress is now thinking of doing away, in all the States, with the Upper Houses, which alone have provided for, at least in a few States, the nomination of co-operators to the legislatures. While co-operative movement is sought to be made the sole instrument for the building up of the country it is paradoxical to deny co-operators the privilege to voice their opinion in the legislatures. The question deserves thoughtful consideration by the All-India Co-operative Union.

Shri Gulzarilal Nanda, in his Presidential Address, stated that "there is no sector of national development in which the door is not now wide open for a rapid expansion of co-operative activity or, in which under the Plan, substantial financial, technical and other assistance cannot be made available on behalf of the central and State Governments to genuine co-operative organisations." He suggested that a plan for co-operative development should be prepared for every district and that the district co-operative leaders and the staff of the co-operative societies and the Department should aim at realising specific targets so that over a period every individual family might be brought within the scope of the Movement. Referring to some forms of co-operative activity in Bombay State, he suggested various ways in which improvements could be made and further progress could be achieved. Referring to co-operative farming, to which special significance has been attached in the Five-Year Plan, he said " in most parts of the country an increase in the unit of cultivation is necessary, if full advantage is to be taken of scientific knowledge and modern methods of

agriculture and this can only be achieved by individual owners getting together to cultivate their holdings jointly on a co-operative basis." Expert co-operative opinion still seems to be divided on the point whether pursuit of co-operative farming with the aim of increasing the unit of cultivation is the way to obtain the results aimed at. No less a person than Shri Dip Narain Sinha said, in December last inaugurating the 27th Session of the Bihar Co-operative Federation Congress, that " to aim at pooling together land would be a waste of time and frittering away our energies under the present circumstances. Let there be co-operation in securing irrigation facilities, in production and supply of seeds and manures, provision of finance, marketing of produce and the like. The actual cultivation and the care of the crops should be the individual concern of the farmers themselves. Any attempt for what is known as " collective or joint farming " would be out of tune with the circumstances as obtaining in our villages." Prof D. G. Karve, who is well known for his deep study of rural economics, speaking at the last session of the Indian Co-operative Congress in February 1952, expressed his opinion in the following terms: " Those who think that progress of planning lies in large-scale farming—either State, Collective or Co-operative—are, without knowing it, in my opinion, acting on false premises. The progress of even the simpler forms of co-operation has been so slow that co-operative farming will not be a common pattern even with the best of our efforts for generations to come. In the meantime progress will have to be brought about through small holdings which predominate."

While attempts at developing co-operative farming may have attained considerable success in select places and on new land, it has to be decided by all concerned whether co-operative farming is suitable and feasible for adoption as the future pattern of Indian agriculture. We await the findings of the Land Reforms Organisation which the Central Government are setting up under the Planning Commission, on the working of co-operative farming in the country.

The resolutions passed at the Conference and extracts from the speeches delivered at the Conference are published elsewhere in this issue.

• • •

Shri Dinabandhu Sahu, Minister, Development (Co-operation), Government of Orissa, inaugurating the Second Orissa State Co-operative Conference on the 6th June, 1953 at Balasore observed that Co-operation had not succeeded as desired because the movement had always been dependent on the Government and had mixed up the business activites with philanthropic objects. While he welcomed Government help to any truly co-operative effort he was averse to the idea of Government imposing itself too much on the Movement which would appear as if Government was more important than the people who led the Co-operative Movement. However, he wanted the Movement to be so designed as not to depend on Government assistance and cautioned against the pitfalls attendant on mixing up philanthropic and charitable dispositions with business propositions. Stressing the importance of co-operative education and propaganda for building up genuine co-operative institutions he dwelt on the necessity of roping into the Movement practical minded men with knowledge and popularity. Concluding he asked the Conference to consider whether the Conferences should function as decisive bodies or as merely deliberative bodies just as is the practice with some international conferences.

Second Orissa Co-op. Conference

Dr. Hari Krushna Mahtab, M.P., who presided over the Conference dealt at length with the Five-Year Plan, in his Presidential Address. He characterised the plan as a challenge to the co-operative method itself and called upon co-operators to prove that the plan could be executed by methods of co-operation. While the plan was in operation he wanted all the Departments of Government to adjust themselves to help the Co-operative Department to spread its activities in all directions and enable it to take risks wherever necessary. He was of the view that unless risks were taken and the caution to which the administrative machinery was accustomed to was got rid of, there was not likely to be fanatic enthusism for the execution of the plan or for the development of the country. He wants the Co-operative Deparatment to adopt the plan as its own child and work it with all vigour, even to a point of recklessness, if need be, in order to succeed. "Application of the method of co-operation," he said, "in all kinds of activities, specially in rural areas, requires simplification of the rules and easy working of the organisation." Also he was of the opinion that smaller institutions would work better and that it was not always desirable, from a practical point of view, to go after ideal institutions, for the common man cared more for tangible results than for lofty ideals. Finally he said "Co-operative work up till now has been relegated to a secondary position while the other kinds of work are very much more prominent in the eyes of the public, but the situation has to be reversed." He exhorted the co-operators to meet the challenge and work out the Five-Year Plan with full vigour. His speech is thought provoking and indicates the several directions in which the Movement can be worked effectively.

A number of resolutions were passed during the two days of the Conference. While many of the resoultions are of local interest, the following resolution, we are sure, would attract the attention of co-operators, and set them thinking.

"This Conference considers that compounding of interest in co-operative institutions is un-co-operative and usurious and resolves to request the State Co-operative Bank and other financing banks not to charge and realise compound interest from any of their borrowing institutions."

It is surely strange to find that the system of collecting compound interest is still in vogue in co-operatives in Orissa, where the lending rate itself is high as compared to that prevailing in other States like Madras. Whatever might be said in support of this practice of societies which are supposed to protect the borrower from usury and questionable practices in lending operations, it reminds one of the old adage of "the fence trespassing into the field and eating up the corn."

LATE SRI K. C. RAMAKRISHNAN

Sri K. C. Ramakrishnan's death on 9th July 1953 has deprived the country of a dedicated soul. He belonged to the brilliant trio—the others being Dr. P. S. Lokanathan and Dr. P. J. Thomas who elevated the 'dismal science' of Economics into an absorbing and enthralling subject with an increasing number of votaries. He represented the synthesis between Agriculture and Economics which has blossomed into the subject of Agricultural Economics as we know it today. He toured over the whole of the country with the Royal Commission on Agriculture, 1926 (Linlithgow Commission) as a reporter.

His greatest contribution was in the field of Co-operation to which he devoted his entire life as a servant and as a practical realist—expounding the theory as the Managing Editor of the *Indian Co-operative Review* and putting it into practice as a director and later President of the Triplicane Urban Co-operative Society, Ltd., (T.U.C.S.). Perhaps few know of his close connection with the *Indian Co-operative Review*, since its inception in 1935, and his labours in editing the matter received etc., in association with the late Hon'ble Sri V. Ramadas Pantulu and later with others till he became its Managing Editor in 1949. He went overseas in 1937 as a delegate to the International Co-operative Congress to study the forms of co-operation in the Western countries.

The last years of his professional life were spent as the lecturer in Agricultural Economics in Coimbatore with a brief spell as an officer on special duty in the Labour Department in New Delhi. His contributions to his special subjects are immense and original and a lasting gift to posterity. Though fighting a losing battle against failing health, he maintained his prodigious output of work to the last despite doctor's advice and in succumbing in the end, he has died in harness leaving behind a host of old students spread all over the far flung corners of this mighty land to mourn his loss.

May his soul rest in peace!

DR. M. SRINIVASAN.

K. C. RAMAKRISHNAN, M.A., DIP. (ECON.)
(December 1891 to July 1953)

THE PLACE OF THE CO-OPERATIVE MOVEMENT IN INDIA*

By

R. G. Saraiya, O.B.E.,

President, All-India Co operative Union.

The ideals of the Co-operative Movement are similar to those of the Rotary Movement; both are democratic movements and both of them promote mutual goodwill and understanding; and both of them work for peace and international co-operation. Just as there is a Rotary Club in every country outside the 'iron curtain', there is a Co-operative Movement and co-operative brotherhood in every country. In fact, Co-operative Movement of some sort spreads even behind the 'iron curtain.' The Co-operative Movement in India is affiliated to the International Co-operative Alliance of which it is a member; it is also in touch with the Food and Agricultural Organisation and the International Labour Office.

In order to understand the Co operative Movement, it is necessary to understand its form of organisation and the principles underlying it. The principle of Co-operation is not new to India; it finds a place in no less an authority than the *Rig Veda*.

> " May you all have a common purpose;
> May your hearts be in unison;
> May you all be of the same mind,
> So that you can do your work efficiently and well."

It is evident, in some form or the other, in various indigenous organisations scattered over the country and worked by illiterate artisans and cultivators noted for their conservative ideas. Several such organisations like the Phads of Kolhapur and the Nidhis or chit funds of South India have survived the impact of political, social and economic forces for centuries and continue to render service to their members. What then are the fundamentals of co-operative form of organisation? The Co-operative Movement does not disturb the existing economic structure; at the same time, it teaches the citizens to do things for themselves on the principle of mutual aid with a view to securing their economic and social betterment, and avoids rigid uniformity and regimentation. As J. J. Worly has observed in *Social Philosophy of Co-operation*, "A co-operative society must rest on

*Speech at the Rotary Club, Ahmedabad, delivered on July 16, 1953.

free universal association democratically governed and conditioned by equality and personal liberty." The first principles of co-operation will once more bear repetition ; they are :

1. A co-operative society is a voluntary association of members ;
2. The society is run by the members on a democratic basis of one vote per member ;
3. The society operates on the maxim of self-help ;
4. Within the society, co-operation replaces competition or coercion as the motive for organisation ;
5. Benefits to members from the operation of the society are in proportion to business transacted and not in proportion to financial capital invested.

Co-operation is a system which means grouping together of a number of individuals in order that by association with each other, they may be enabled to obtain advantages not available to them individually. In general, the object of co-operation is to make it possible for a person with small or moderate means and resources to produce, sell, process or transport goods or offer services in such a manner as to secure the economies and benefits of large-scale operation by means of group action and voluntary efforts.

Perhaps it may be of interest to an audience like the Rotary Club to compare the co-operative form of organisation with the joint-stock form of organisation. In a co-operative society, voting depends upon membership, each member having one vote ; in a joint-stock enterprise voting depends on the number of shares held or the capital risked by a member. In a co-operative society, dividend payable to a shareholder is strictly limited, generally to 6 per cent, any surplus after providing for reserves etc., being distributed to the members in proportion to the business brought by them, or the work done by them. This is what is called 'Co-operative Dividend' or the co-operative rebate, which is paid, for example, to the members of a consumers' co-operative society on the basis of purchases made by them, or in the case of co-operative farming societies on the basis of labour put in by the members. The management or the Managing Committee is elected in both the cases by voting, although the nature of voting rights differ in them. The Registrar of Co-operative Societies is the friend, philosopher and guide of the Co-operative Movement. He has powers of inspection, registration and of sanctioning the

bye-laws of co-operative societies. There is an insistent demand for the curtailment of his powers by non-official co-operative opinion. The Registrar of Joint-Stock Companies is, on the other hand, mainly concerned with the registration of joint-stock companies and filing their returns. The tendency here is to strengthen his powers and functions with the proposed amendment of the Company Law.

The target set by the Co-operative Planning Committee, which was appointed by the Government of India in 1946, was to cover 50 per cent of the villages and 30 per cent of the rural population through the Co-operative Movement. This target has been accepted by most of the States in India, and in many States like Bombay and Madras, the target is near fulfilment, if not already fulfilled. It may not be out of place to recall that the Planning Commission have also accepted this target and referred to it in their Report in the Chapter on 'Agricultural Finance'.

I will now give some illustrative figures of the Co-operative Movement in India :

Co-operative Movement in India during 1950-51.

Total number of Societies	...	1,81,189
Membership of Primary Societies	...	1,37,15,020
		Rs.
Working capital of all types of societies	...	2,75,85,23,956
Loans advanced by the primary societies	..	86,56,58,475
Profit earned by all types of societies	...	6,97,29,650
PRIMARY AGRICULTURAL CREDIT SOCIETIES.		
Number	...	1,15,462
Membership	...	51,53,907
		Rs.
Loans advanced	...	22,89,71,810
Working capital	...	40,95,77,395
PRIMARY NON-AGRICULTURAL CREDIT SOCIETIES.		
Number	...	7,810
Membership	...	21,77,551
		Rs.
Loans advanced	...	47,29,02,608
Working capital	...	56,78,02,055

I have taken the liberty of repeating these figures because the Co-operative Movement is often treated either as a huge joke or as an experiment, or as some form of government patronage by people who are not directly in touch with it. It may be of interest to give you a few examples of the successful working of the Co-operative Movement. For purposes of illustration, I will take a single district in Bombay—East Khandesh District—where the rural population is estimated at 11,77,000 according to the census of 1951, and the number of villages and towns were 1,463. There were in this district at the end of 1951-52, 784 primary agricultural credit societies with a membership of 53,222. Assuming a family of 5 per member, this means that the percentage of population covered by the Co-operative Movement in the district is nearly 23. So far as the number of villages are concerned, the societies covered 1,134 villages, or 77 per cent of the total. It has been estimated that the short-term requirements of agriculturists in this district are of the order of 3½ crores of rupees, out of which about 1½ crores is obtained from the resources of the farmers, 1½ crores from the co-operative agencies, 25 lakhs from the registered money lenders, while Tagavi loans advanced in 1951-52 amounted to nearly Rs. 7 lakhs. It is true that the total requirements of the district have not been met, but it cannot be denied that a substantial proportion of the credit requirements of the agriculturists in the district at least has been met through the co-operative agency. Taking the State of Bombay as a whole, it has been estimated that the primary co-operative credit societies themselves provide funds to the extent of Rs. 2½ crores a year for the financing of agriculture, while the finance made available to the agriculturists through the Co-operative Movement with the assistance of the Co-operative Banks has been estimated to run to about Rs. 9 crores. It may be recalled that the Planning Commission's target for the whole country for short-term requirements of agriculture through institutional agencies is Rs. 100 crores. The performance of Bombay in this background does not appear to be unsatisfactory, although it must be mentioned that for adequate financing of the agriculturist, even for his short-term requirements, a much larger amount would be necessary. There is therefore no room for complacency. Among other types of successful societies may be mentioned the cane societies in the Uttar Pradesh which practically control the marketing of cane to the sugar factories, or nearer home, the cotton sale societies in Surat, Dharwar and East Khandesh. It is admitted that these cotton sale societies have been instrumental in propagating improved varieties of seed and have been of great assistance to the Indian Central Cotton Committee and the Department of

Agriculture in this connection. In fact, the lack of such societies in North Gujarat has been advanced as an argument for not undertaking the distribution of improved seed, and the organisation of co-operative cotton sale societies has therefore been urged. Even still nearer home, I would invite your attention to the Kaira Dist. Co-operative Milk Producers' Union Ltd., Anand, which is estimated to have distributed during 1950-51 milk worth Rs. 34 lakhs. The supply from this source has, to an appreciable extent, helped in relieving the shortage of milk in the city of Bombay. The consumers' store movement occupies a very important place in the economy of Madras, and in fact it came to their rescue during the period of acute shortages in the city of Madras; especially during the World War II, when Madras city was on the verge of evacuation it was the Triplicane Urban Co-operative Society which stood by the city. Reference may also be made to the Co-operative Sugar Factory at Loni in the Ahmednagar District. It would not be possible in the space of half an hour to cover the entire Co-operative Movement of the country, but these random examples have been chosen to illustrate the nature of the work which the co-operatives undertake.

Co-operative activity can take many forms. There is the agricultural credit society and the whole credit movement with the State Co-operative Banks at the top which are directly linked to the Reserve Bank of India under the Reserve Bank of India Act. One of the peculiar achievements of the Co-operative Movement in India is that the paper of the primary societies which represents their borrowings from the central financing agenciesc an, through the apex or State Co-operative Banks, be re-discounted by the Reserve Bank of India and thus becomes an instrument of credit in this manner. Actually the Reserve Bank of India made available finance to the extent of Rs. 12½ crores to the State Co-operative Banks in 1951-52. A part of this, roughly estimated at Rs. 2 crores, was against the paper of co-operative banks, while the rest was against Government Securities or guarantees of the State Governments. There is room for expansion of the Co-operative Movement in regard to credit in that it must be linked to production. Any increase in credit to the farmer for his short-term, medium-term and long-term requirements should be so managed that it would result in increased production. As agricultural production is the basis of prosperity of the country, supply of adequate and timely credit and what can be purchased with the credit form the most important activities in the country. India is a country of vast numbers and small units. The only method of strengthening the vast numbers and giving them the economies of large-scale production is to combine them in co-operative units. The Bhoodan Movement will have no meaning, and will ultimately result in reduced production, unless the farmers receiving small bits of land unite in co-operative farming societies, pool their efforts not only for the receipt of supplies and marketing but also for the joint cultivation of the soil and for owning such implements and cattle as they may need. Already in the Bombay State 246 co-operative farming societies have been registered owning about 75,000 acres. It may be expected that the problem will be tackled in a whole-hearted manner, after the Reserve Bank of India have completed their survey of the rural credit conditions in the country.

Next in importance to Agriculture, so far as the unemployment problem is concerned, are the cottage and small-scale industries, as well as subsidiary industries for farmers as a spare time occupation. Co-operation is the only method by which these industries can be put on a firm footing; it will assist the workers in their cottages and homes or in small-scale factories in organising themselves into units which will be economic in size and operation, and enable them to tap adequate marketing facilities, technical knowledge and equipment. I have already illustrated the part played by co-operative societies in marketing of sugarcane in the U. P. and cotton in Bombay. To an audience in Ahmedabad, I need not speak of the advantages of co-operative housing or of consumers' societies. Among interesting forms which Co-operative Movement has taken may be mentioned the organisation of societies for fishermen in Bombay, which supply the fishing tackle and material to them and also provide marketing facilities. In fact some of the fishing societies are now importing from abroad their requirements of netting etc. direct. Then, there are the forest labourers' societies, which undertake the work of collecting wood and timber from the forests. They are a form of labour contract societies which have immense possibilities, given proper supervision and organisation and given proper personnel for the same.

Before concluding, I would like to remove some of the misapprehensions engendered by some in regard to the Co-operative Movement. Co-operative societies are described as business undertakings, owned and operated by voluntary associations of persons or organisations in order to provide themselves with work and wages or goods and services. They are neither philanthropic

institutions disbursing charities and good-works, although they are often expected to do so, nor are they objects of charity although they are often misunderstood as such, from the fact that government assistance to the weakest economic elements in society is channelled through the co-operative agency. The Co-operative Movement is not an executive instrument of the State, although this impression is sometimes created by the close association of the Government with the Co-operative Movement. For example, the suggestion of compulsory co-operatives in each village, which has been suggested by some enthusiasts both in the administrative and the co-operative field, is not truly co-operative, as it would be a disguised form of regimentation and open to all the abuses of mass regimentation. It often happens, however, that in carrying out a certain government policy in regard to say distribution of commodities seeds or fertilisers or agricultural implements, or distribution of credit in regions which are under-developed or undeveloped, the Government utilises the co-operative agency, as it is the only non-official agency through which it can reach a large number of people. The Government uses the Co-operative Movement as its agency; under such circumstances, it is right that Government should provide funds to the co-operative agency to the extent to which they use it as an instrument of public policy. But it would be wrong for government to assume, and for the Co-operative Movement to give, control of such co-operative agencies. During the war and after, many societies were hastily formed and came to grief; many societies were formed just to exploit the controls and take advantage of them. These societies came to grief with the lifting of controls. Naturally one would not recommend the continuation of controls just for the preservation of a certain class of co-operative societies. Co-operative societies have a vital role to play in the economic life of the country, and they will continue to do so, so long as they adhere to their principles of voluntary association, economic management and self-help.

Co-operative Movement is essentially a democratic movement. It exists both in countries which are capitalistic and socialistic. Some of the strongest co-operative organisations exist in the U.S.A. and the U.K.; they also exist in Africa, Japan and in fact in every country in the world. It may be repeated here that, through their working, co-operative societies contribute a good deal to the intellectual, moral and civic training of their members. The co-operative organisation affords opportunities to its members to learn and imbibe the principles of democracy through voting procedure, committee work and joint responsibility. More important than abstract training in class room, the co-operative society offers practical training in democratic methods applied to the day-to-day economic life of the community. We have in this country what is known as a "Mixed Economy". The doctrinaire economists might argue in favour of a complete laissez-faire economy or in favour of a totalitarian economy like that of Soviet Russia. A complete laissez-faire economy has now practically disappeared even in the U.K. and the U.S.A. On the other hand, in those countries, which subscribe to the conception of the State as the supreme authority and instrument for the execution of socio-economic plans and satisfaction of economic needs, power is concentrated and operates ultimately through a centralised political apparatus or a strong individual, and a certain degree of prosperity may be achieved. But that is done at the cost of individual freedom of thought and initiative. Mahatma Gandhi, in reply to the querry of Louis Fisher, said in 1942 as reported in "A Week with Gandhi" as follows regarding the conception of the State in Soviet Russia:

> "The centre of power is now in New Delhi or in Calcutta or in Bombay. I would have it distributed amongst 700,000 villages of India. That will mean that there is no power.. ... Voluntary co-operation will produce real freedom and a new order vitally superior to the new order in Soviet Russia. Some say there is ruthlessness in Russia but that it is exercised for the lowest and the poorest and is good for that reason. For me, it has very little good in it."

Our Government has avoided either extreme and has accepted the idea of a "mixed economy", which should give scope to the various forms of social and economic organisations. It is my feeling that the peculiar Indian atmosphere of goodwill and tolerance, broad humanity and sympathy for the 'have-nots'—witness the success of the Bhoodan Movement or of the Gandhian ideology—will evolve in course of time its own economic organisation. In this stupendous experiment in human organisation and development which is undertaken by India at present, it is expected that the co-operative form of organisation will find a prominent place, as it appears to be the only form of organisation by which self-interest can be reconciled with the public interest, and the needs of large-scale operation with the existence of extremely small economic units.

A PLAN FOR THE REHABILITATION OF CENTRAL CO-OPERATIVE BANKS IN WEST BENGAL

By

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In West Bengal, there are 40 Central Banks and one Banking Union—latter is a recent growth. Each Central Bank including the Banking Union has a small area of operations and small resources. The function of a Central Bank is to be the financier of the Co-operative Movement throughout its area of operations. In order to perform this function it has the pool of the surplus resources of co-operative societies of the area and supplements it by attracting outside funds by way of deposits. The economic success of a Central Bank can, to a great extent, be judged by the extent to which it has been able to attract outside capital and also the extent to which such deposits have been utilised by way of advances to the societies.

The Central Banks and the Banking Union are the intermediary agencies between the Apex Bank and the primary societies. At present in West Bengal, the Central Banks are so small that such units are mostly uneconomic and, as such, Banks which have too small a capital and a very restricted field of operations, should be amalgamated with the nearest big Central Bank so that they can function better.

Central Banks of the State already undertook, with the assistance of State Co-operative Bank, the provision of agricultural credit. It has been experienced that the Banks require three types of agricultural credit—(1) for the normal seasonal requirements such as seed, manures, harvesting and marketing operations—which is termed as seasonal operational finance ranging from 6 to 15 months according to the nature of crops, (2) the medium-term finance such as, for purchase of plough cattle, implements, repairs to wells and bunds, etc., which ranges from 3 to 5 years, and (3) the development finance, such as for the sinking of wells or construction of dams, purchase of farms and/or heavy machinery such as tractors, pumping sets, or joint irrigation projects, etc., which require a long period for repayment, from 10 to 30 years.

The Five-Year Plan has laid down certain targets for agricultural credit, viz: Rs. 100 crores per annum for short term loans, and Rs. 25 crores per annum for long term loans to be attained by the end of 1955-56.

The statement is prepared from the proforma Balance Sheets of the Central Banks for the Co-op. year 1951-52.

	Name of the Central Bank.	Estimated good assets.	Total liabilities.	Outside liabilities.		Income.	Obligatory charges.
		Rs.	Rs.	Rs.		Rs.	Rs.
1.	Taki C. B. Ltd.	2,20,670	4,55,362	2,04,348	(—)	8,584	17,776
2.	Diamond H' C. B.	2,35,730	3,31,472	2,35,606	(—)	16,506	45,449
3.	Barasat C. B.	2,82,948	3,85,932	2,88,212	(+)	656	8,756
4.	Nimta C. B.	36,400	46,033	26,223	(+)	558	1,563
5.	Gosava C. B.	9,15,226	8,57,057	7,53,043	(+)	15,740	11,861
6.	Nadia C. B.	5,23,193	6,73,431	4,85,412	(+)	1,307	15,152
7.	Ranaghat C. B	1,80,490	2,31,016	1,27,978	(+)	1,402	6,968
8.	Berhampur C. B.	4,86,891	7,02,272	4,97,026	(—)	3,525	28,883
9.	Kandi C. B.	1,90,897	2,60,537	1,82,124	(+)	664	13,250
10.	Lalbagh C B.	2,06,082	3,59,078	2,26,713	(+)	126	8,329
11.	Jangipur C. B.	2,20,026	3,38,765	1,95,315	(+)	1,059	14,196
12.	Harishchandrapore C. B. Ltd.	3,94,665	4,05,976	3,00,236	(+)	2,658	8,779
13.	Chanchalraj C. B.	2,54,601	2,81,633	1,86,562	(+)	2,967	6,717
14.	Malda C. B.	3,05,000	3,73,828	2,76,566	(—)	2,108	8,059
15.	Balurghat C. B.	6,51,985	7,01,593	5,02,669	(+)	4,566	18,194
16.	Raiganj C. B.	2,42,373	2,28,606	1,95,001	(+)	4,398	13,792
17.	Jalpaiguri C. B.	2,15,143	2,45,872	1,98,623	(+)	1,537	11,913
18.	Darjeeling C. B.	1,03,709	1,46,373	1,23,573	(—)	48,351	55,972
19.	Kalimpong C. B.	1,48,788	3,81,548	1,74,892	(+)	40,356	10,386
20.	Pedong C. B.	1,08,000	1,37,876	68,040	(+)	1,868	5,008
21.	Uluberia C. B.	3,25,000	3,37,521	2,94,107	(+)	2,703	11,093
22.	Hooghly C. B.	3,50,673	5,25,038	4,30,464	(+)	28,214	16,245
23.	Arambagh C. B.	2,00,271	1,88,574	1,52,858	(+)	16,107	20,661
24.	Burdwan C. B.	38,54,005	41,52,405	36,96,918	(+)	23,560	1,02,172
25.	Katwa C. B.	5,81,222	5,69,573	4,39,173	(+)	10,339	23,301
26.	Kalna C. B.	3,61,678	4,13,980	3,08,660	(+)	6,379	20,282
27.	Asansol C. B	5,07,068	5,83,929	4,00,341	(+)	38,403	13,177
28.	Birbhum C. B.	4,00,429	5,02,284	3,26,580	(+)	371	12,915
29.	Viswabharati	2,95,173	4,18,978	3,19,464	(—)	6,852	17,934
30.	Rampurhat C.B.	2,88,208	3,70,961	2,18,740	(+)	1,254	13,237
31.	Naihati C. B.	3,43,437	4,28,546	2,68,945	(—)	1,243	16,499
32.	Bankura C. B.	5,40,883	9,12,490	6,89,882	(+)	499	43,639
33.	Vishnupur C. B.	2,79,507	3,07,457	2,63,512	(+)	1,504	14,123
34.	Balaberia C. B.	4,52,969	5,33,361	4,16,833	(+)	11,754	16,344
35.	Midnapore C. B.	10,95,000	13,99,611	10,26,312	(+)	31,283	43,913
36.	Tamluk C. B	6,48,857	8,86,318	6,67,085	(+)	14,542	19,977
37.	Ghatal C. B.	4,14,471	4,86,320	3,98,066	(+)	2,097	12,796
38.	Khelar Balarampur C. B.	1,96,857	2,89,941	1,95,200	(+)	917	12,879
39.	Balagaria C. B.	1,65,078	1,89,650	1,38,810	(+)	2,293	8,397
40.	Mugberia C. B.	3,96,273	4,50,419	3,13,903	(+)	25,987	49,613

In order to make the Central Banks in West Bengal play their proper part in the execution of the national plan it is highly necessary that the existing Central Banks which are in a moribund condition, should be reorganised.

The present position of the working of the Central Banks can be seen from the statement on page 108.

The question must be considered bearing in mind the following factors:—

(1) amalgamation of Central Banks with the idea that a Central Bank should cover the area of one district;

(2) the existing Central Banks which are in a moribund condition, should be placed under liquidation;

(3) the societies in the area of those Central Banks under liquidation should be affiliated to the District Central Bank. The District Central Bank should open branches or pay offices to take the place of Central Banks going into liquidation;

(4) the smaller Central Banks in the Districts, which have too small a capital and a very restricted field of operations should be amalgamated with the nearest solvent Central Bank so that they can form better economic units and for the reorganisation to be successful, there must be State aid by way of (*a*) contribution to share capital of the District Central Co-operative Bank, (*b*) subsidies to meet establishment expenses for a period. The staff should be properly trained in Co-operative Banking. The District Co-operative Banks should be given the same position and status as that of the Banks in the second schedule of the Reserve Bank of India Act;

(5) a Central Bank should have a share capital and reserves of about Rs. 6 lakhs. Moreover, a Central Bank should normally aim at having a minimum working capital of Rs. 25 to 30 lakhs.

(6) the question of amalgamation of Land Mortgage Banks will be taken up after the District Central Banks are well established, having a separate Land Mortgage Banking Department;

(7) the Central Banks, in their present condition, cannot directly obtain long-term finance at a reasonably low

rate of interest. Government should arrange to supply fresh finance for the rehabilitation of the Central Co-operative Banks of the State and such financial assistance is necessary to ensure the successful working of Central Banks and amalgamation scheme;

(8) the District Central Co-operative Banks should establish branches and sub-branches at important sub-division headquarters and pay offices at places of importance from the co operative point of view to finance co-operative societies and raise the savings of the people and also to supply finance to the societies—agricultural and cottage industries;

(9) the Branches and Sub-Offices should have local Boards ordinarily consisting of 6 members. The local Board of the local Branch should advise the Managing Committee of the District Bank on such matters as may be generally or specifically referred to it and should perform such duties as the Managing Committee of the District Bank delegates to it;

(10) It is necessary to promote the development of warehousing in the rural areas. The Central Banks should establish warehouses in accordance with the recommendation of Rural Banking Enquiry Committee. The State Government should see that such legislation is enacted for the interest of co-operative marketing finance.

The chief advantages of amalgamation and reorganisation will be :—

(a) increase of financial resources and opportunity to supply credit and thereby ensuring the strength of the institution;

(b) cheaper borrowing rates for raising funds and the resulting cheaper lending rate with a wider margin in the borrowing and lending rates permitting a reasonable provision for bad and doubtful debts;

(c) to control the general management through well paid and efficient permanent staff;

(d) to exercise effective supervision over the societies and to conduct the affairs of the societies to maintain efficient permanent supervising staff;

The present restriction imposed by Government regarding investment of deposits by local and public bodies in Central Banks should be withdrawn.

Government should give subsidies and loans to the Central Banks for the construction of godowns for the provision of the storage and accommodation and for promoting agricultural marketing.

Central Banks may be permitted to undertake commercial transactions and banking business of all kinds for the general interest of the Co-operative Movement.

The primary function of the Central Banks is to balance the surpluses and for supplying capital to primary societies that started with a small or no owned capital. In a co-operative society, a body of persons jointly pledge their credit and raise capital to provide credit for their common economic and individual needs. Such societies run for the people and by the people.

The rehabilitation of the co-operative banking system will be successful if the scheme of amalgamation of small Central Banks into an economic unit is accepted. With the formation of strong Central Banks in the Districts, the Banks will be in a position to co-ordinate the activities of the movement. Efficient management and greater business ability will play an important part towards their success if the scheme of federating the small Central Banks into a central organisation takes shape.

The cost of establishment and the over-head expenses in Central Banks are in most cases very high. Serious attempts should be made to reduce them. Moreover, the State Bank should be ready to take over the management of Central Banks which have proved incapable of managing their affairs on satisfactory lines.

At present the State Bank generally functions only as the financing agency for the Central Banks. There are several directions in which it can make itself more useful to them and serve more truly as the Apex Bank of the movement. The small Central Banks are not in touch with the money market nor are they conversant with banking principles and practices and require constant guidance. In these, the Apex Bank of the State is best fitted to give them guidance. To build up a sound Co-operative Banking System, the Apex Bank should provide facilities for the training of the staff of Central Banks, and as the Central Banks are the members of the State Bank, there will be nothing wrong in their transferring certain amount of control to the State Bank. The guidance, supervision and control of the Apex Bank over the Central Banks is necessary for the proper growth of the movement. The State Bank should effectively guide and control the co-operative finance and the affiliated Central Banks. The District Central Bank should open branches or pay offices to take the place of Central Banks going into liquidation, as otherwise supervision and control over primary societies would be difficult by the Central Banks. Attempt should also be made to reorganise them to function as Credit-cum-Marketing Societies. The whole of the district would be covered by the Credit-cum-Marketing Societies. The distribution of manure and seeds through the primary societies should be introduced and manure agencies can also be taken up by such societies. The primary credit societies should also be reorganised on the following lines:—

(1) The primary societies should increase their membership and share capital;

(2) The existing primary societies may be reorganised on a multipurpose basis;

(3) New village societies should be organised as multipurpose societies only;

(4) a system of associated membership (without voting right and liability for the debts of the societies) should be introduced so that all creditworthy agriculturists may be brought within the fold of the movement;

(5) the primary societies should encourage habits of thrift among members and their savings should be collected for and on behalf of the District Central Banks;

(6) the societies may have a seed store for stocking good quality seeds and supply them to members who require;

(7) attention should be given to the construction of godowns, if necessary, through an approach to Government or the District Central Bank;

(8) modern methods of book-keeping should be adopted. Trained Secretaries may be employed. In this direction, the Government might help by giving a subsidy to the extent of, say, 50 per cent of the cost for a period of 5 years;

(9) a plan should be drawn up for the organisation of marketing and industrial societies;

(10) a system of controlled credit which links up credit with marketing should be followed.

EDUCATION FOR CO-OPERATION

By

N. S. MANI

"It is true that we have been improving our books and forms and training our employees to keep them correctly and handle them efficiently. Is this all co-operative education? It may be education to enable employees of co-operative societies to discharge their routine duties of collection, distribution, book-keeping, remittance, inspection and audit like the employees of any other business concern. Will this education help to produce co-operators, whose daily activities are pervaded by that idealism and ideology associated with Co-operation, and behind whose work there is not merely the stimulous of the coin but of that exalted sense of duty which ought to animate and inspire a genuine Co-operator?" – Mr. Ramadas Pantulu.

When Aristotle declared that man is a political animal, he implied by the statement that man is a co-operative animal. The herd instinct of man has led to the formation of society, the underlying principle of which is collective endeavour and common responsibility. Negation of the principle of co-operation means negation of society and the negation of the life of man on earth. The aim of education has, therefore, always been to cultivate the co-operative instinct in man and to stifle his pugnacious instinct. All education is thus essentially for co-operation.

It has been usually remarked that the aim of education is the three R's – reading, writing and arithmetic. This has been the object of primary education. The ideal of higher education is said to be the three C's—character, culture and citizenship. Character is the cultivation of the moral personality and is based on strict discipline. It is the stifling of all that is unsocial and unco-operative in human nature. In fact, what is unsocial is always unethical. Culture is the cultivation of the emotions in the right direction and only those emotions and feelings which aim at social cohesion and solidarity are basically artistic. Aesthetic values are in essence co-operative values and social virtues.

Citizenship lays direct emphasis on the co-operative aspect of education. The prime duty of the citizen is to co-operate with the State and with the other members of the community of which he is an integral part. The realisation of this organic social relationship through the State is citizenship. Civic virtue is cultivated and fostered by the State, which is primarily a coercive apparatus and hence, citizenship implies in its fundamentals an element of coercion. This aspect which is latent in times of peace becomes potent in times of national crisis, such as a war. In modern democracy, the actual exercise of citizenship in peaceful times is through a political party wherein people having the same political faith and programme co-operate together for the realisation of their objectives, by securing the necessary political power.

Education for citizenship generally means cultivating an outlook in the minds of the young for the support and maintenance of the status quo in the society. Generally, many of us passively accept the status quo, as we dread the change and its consequences. The fear of the future and the security of the present, however irksome it may be, make us all the votaries of status quo. But the universe is a phenomenon of continuous growth and perpetual change. A few thinking and restless spirits visualise and work for change and they are known as visionaries and missionaries. They are always in a hopeless minority and they have an uphill task in spreading their doctrines when the solid mass of the majority of the society clings to the status quo. Still the world is changed by them. The real part of their programme is to educate the majority and make it desire the change they visualise. So, a new faith must not only have its prophet but also its apostles. Crucifixion and persecution are all a part of the game. Tireless propaganda and continuous preaching alone will enable the building of the church.

Co-operation in its technical aspects is first and foremost a new faith and a new philosophy. It visualises a new order of society based on peace and distributive justice and at no time the spreading of its doctrine is so urgently needed as it is today when the world is war-weary, disillusioned and bewildered. "Torn and battered, worn and shattered, peoples pant for peace. The warring ideologies—controlled capitalism and State socialism-reveal the deficiencies of each other and compel the search for a new order, founded not upon aggression and aggrandisement, not upon class antagonism and exploitation, but upon love and sympathy, justice and equity, where each works for all, all work for each so that enmity and discard will be replaced by amity and concord and militant nationalism by beneficient internationalism and a realisation of the universal Brotherhood of Man without distinction of class, colour or creed" (Prof. H.L. Kaji).

That co-operation is a new philosophy many workers in the co-operative field do not know. They are absorbed in the business

aspect of the co-operative organisations with which they are associated and they never feel that they are engaged in slowly but surely changing the face of the society according to a new pattern. Pioneers of co-operation had a prophetic fervour and missionary zeal and hence some of them became martyrs for the cause. The life of Robert Owen admirably illustrates this point. For the sake of his new faith, he spent away his whole fortune and died a pauper.

As a new social philosophy, co-operation must be taught to the people. It must be preached from the pulpits with the same fervour with which the Communists preach their doctrine. The common man by this kind of education must be made to realise that in co-operation he has a great social ideal as attractive as that of the Communists, but without its violence and bloodshed. When the man in the street is convinced that co-operation aims at the abolition of economic exploitation and the creation of a classless society, wherein he will have economic security, a better standard of living and peace, he will wholeheartedly work for it. This can be done only by extensive and intensive propaganda and it is from this point of view co-operators are called missionaries, and for the same reason, co-operation is described as a "movement".

Periodically, there must be membership campaign wherein able co-operative propagandists are engaged to spread the message of this new philosophy. When co-operation is taught to the people as a new social system based upon the principle 'from each according to his ability and to each according to his needs', we can see a brilliant gleam in the eyes of the listeners, but, unfortunately to-day, in most of the co-operative meetings people talk business of co-operation, shorn of its philosophy, and the members of audience yawn in each other's face, feel drowsy and go to sleep. People are attracted only by an ideal and the spread of the co-operative ideal must be the first task of all the co-operators. One of the wisest things that the famous Rochdale Pioneers did was to set apart a portion of the net profits for education and propaganda. This is called education for co-operation.

Education for co-operation is different from co-operative education. Education for co-operation aims at the cultivation of a new outlook in life, while co-operative education aims at the improvement of technical efficiency. Co-operation is a new social philosophy plus business. The business aspect of the movement needs technical efficiency in purchasing and selling, in borrowing and lending, in keeping of the books, etc. It is not enough if a co-operator is technically capable. More than his technical efficiency he must be imbued with the philosophy of co-operation. Co-operation is not purely a technical subject like medicine or engineering. The medical specialist or the engineer does not have a distinct social philosophy of his own. But it is not the case with a co-operator. It is not enough if the manager of a co-operative marketing society is a specialist in marketing. He must be one who is imbued with co-operative philosophy and who looks upon his activity of marketing as only an opportunity to spread his philosophy.

Unfortunately in our country, what we have meant by co-operative education hitherto is giving some training to the employees of co-operative organisations in the principles and practice of book-keeping or banking. Many of them have absolutely no idea as to what co-operation stands for. In all the co-operative refresher courses and short-term classes, emphasis has always been on the business side of the co-operative society but seldom co-operative philosophy is taught to them.

Even in Universities where co-operation has been introduced as a subject for Degree and Honours courses, the co-operative ideal and philosophy are not at all taught. Students of co-operation in India do not know that the Webbs of England have expounded admirably the co-operative philosophy which has been as potent as the 'divi' of the co-operative stores in spreading the movement. They are led to believe that the most authoritative text-book on co-operation is the Co-operative Manual published by the Government, wherein we find co-operative ideal is not given adequate treatment or given no treatment at all. Even the junior-most student of a University course knows nowadays that Socialism is a new philosophy and aims at the reconstruction of society on the principles of justice and fair play and is opposed to Capitalism which is based on the principle "Sweet for a few and Sweat for many". But even an Honours graduate who has studied co-operation as a special subject does not know that co-operation is an equally attractive social ideal, that it seeks to smoothen out social inequalities by assisting the weaklings of the society. What we need today is not so much of co-operative education as education for co-operation. This is the urgent need of the movement today.

CO-OPERATIVE MOVEMENT IN RAJASTHAN

RETROSPECT AND PROSPECT

BY

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Introductory.

Rajasthan lies between 23.31' and 30.12' North and 69.30' and 78.17' East having a total area of 1,30,206.7 square miles comprising 33,411 villages with a population of 1,52,90,797.

71 per cent of the population belongs to the agricultural classes and 29 to the non-agricultural. Among the four agricultural classes, the owner cultivators represent the largest number. In fact the population of Rajasthan is unevenly distributed, and comparatively sparse. Excluding the desert area, the cultivated land per head is not more than 2 acres. The State is capable of developments in agriculture with the availability of more irrigational facilities. The progress of cultivation has not been keeping pace with the growth of population in the various units of the State.

Land Tenure System.

Agricultural production in Rajasthan is low for reasons of a large portion of the western part of the State consisting of barren sandy tracts having a low rainfall and scanty means of irrigation. Besides the cultivable land in the State has also been under various systems of tenure—Khalsa and Jagir. Out of the total area of 1,30,206.7 sq. miles about 80,000 sq. miles are held as Jagir land and the remaining about 50,000 sq. miles are in Khalsa. In Khalsa villages land revenue is collected in cash and in non-Khalsa villages the rent is usually collected in the form of share in crops. Most of the Khalsa villages are settled. After resumption of Jagirs the land will be available for distribution to the landless tenants. The incidence of rent in Jagir areas is much higher as compared to the Khalsa areas. Permanent improvement of land, it is admitted, depends upon the security of land-tenure as no cultivator would invest his capital in long-term projects, the fruits of which he or his successors may not be able to reap. Secondly, the financial resources of Jagirdars in most of the cases are very meagre depending on the size of their Jagir, and they rarely care to invest money for permanent improvements of land. In the past, the non-Khalsa cultivators were denied the benefits of taccavi loans. It is on account of these defects that two-thirds of the area of the State has remained in a neglected condition for the last several centuries.

Crops and Cattle.

Among the cash crops produced in Rajasthan are sugar-cane, cotton, ground-nuts, oil-seeds, and zira. The food crops consist of wheat, barley, gram, bajra, maize, jowar and rice. Besides these cereals a considerable area is put under Kharif pulses, specially, moong, urad,arhar and moth. Guar is another important crop, which is largely used for cattle feed. In normal years Rajasthan has been a surplus State in pulses and there was regular export to the adjoining States.

Sheep and goat farming is of considerable importance in Rajasthan—the total sheep population being 8 million. Sheep farming is an important profession in Bikaner, Jodhpur, Jaisel-mer and parts of Jaipur. The State has been famous for the quality of its wool and is one of the biggest wool-exporting States in India, the yearly wool clip being 180 lakhs of pounds, ⅓rd of the total clip for India. There is a great need of co-operative effort in handling the wool industry in its various stages.

Cottage and Small Scale Industries.

Rajasthan has long since been renowned as the home of numerous arts and crafts. The high degree of workmanship and the aesthetic sense of the artisans finds expression in the picturesque attire of the people and the massive buildings and palaces they have built. Manufacturing of carpets, engraved and embosed brassware, silverware, ivoryware, marble statues and figures, jewellery, calico printing, papier machie, leather works, production of handloom cloth, katha making, fireworks and crackers, moonj making, toys making, khas scent preparation, niwar and duree making, tie and dye work, hand-made paper making, palm gur making, and many others are the numerous cottage industries which have provided millions of small artisans with means of livelihood.

The main handicaps from which the village industries in Rajasthan suffer are the illiteracy and the general back-wardness of the artisans, lack of facilities for experimentation, research and technical institutions, lack of marketing facilities, temporary failures in the regular supply of raw materials, and lack of adequate finance.

Sources of Finance.

The bulk of finance required by the agriculturists in Rajasthan has been generally supplied by the village money-lenders or sowcars on usurious rates of interest—generally varying from 12 to 36 per cent apparently; but going considerably higher due to the dubious methods used by the lenders. The farmers were generally required to sell their produce at cheap price to the money-lenders in lieu of loans obtained at unfair terms. There is, however, no legislation in the State for regulating the business of money-lenders. The poor agriculurist has always had to lose considerably in his dealings with the money-lenders with the result that very little portion of the produce was left to him. In good years a farmer might have been able to make both ends meet but in lean years he had to incur debts which were carried from year to year with additional undue and manipulated accumulations for want of his capacity to repay in time. It is, however, noteworthy to mention here that the indebtedness of the farmers has not increased beyond certain proportions on account of the existence of restrictions on the sale of land and consequent limited credit of the farmers. Further, the agriculturists as a class, have also benefited by the recent rise in prices of their produce and the agricultural debts have scaled down to a considerable extent.

Before the formation of Rajasthan State, most of the States used to grant taccavi loans to farmers for meeting cultivation expenses as well as relief loans during periods of famine. Taccavi loans are even now advanced to farmers for undertaking improvements in land such as construction of wells, repairs of embankments, purchase of seed, manure, bullocks, fodder, agricultural implements, etc. Interest at 3½ per cent p. a. is charged on taccavi loans. Although the amount of taccavi loans in the year 1950–'51 has been Rs. 31.14 lakhs and that similar amounts are being paid every year, it can be said that such loans meet a very small requirement of the agriculturists in the State.

Although there are four joint-stock banks having their headquarters in the State with a net work of branches in the districts their main functions have been to deal with businessmen and industrialists and not the agriculturists. There also existed in five former States of Bundi, Jhalawar, Doongarpur, Shahpura and Bharatpur what were known as State Banks. These used to finance the agriculturists as well, besides meeting the requirements of the businessmen and traders. Some of these banks have since been either converted into co-operative banks or amalgamated into bigger banks.

The practice of financing the societies varied from State to State. In Bharatpur, Shri Krishna Bank (a Government Bank) financed the societies and in Kotah the local Central Co-operative Bank with its 13 branches did this work. In Bikaner, there was one land mortgage bank at Ganganagar, whcih was just an ordinary co-operative bank with meagre resources and not a land mortgage bank though its business was to grant medium and short-term loans against mortgage of land. It used to cater to the needs of the societies in the Ganganagar area mostly. There was practically no arrangement for financing the co-operatives in the rest of the Bikaner State. In Alwar, there was one central bank for the purpose but its position was rudely shaken after the mass evacuation of Meos, who were the indebted members of the societies affiliated to this bank. In Kishangadh, a Loan Fund was floated under the arrangements of the Government, which did not work efficiently with the result that a large portion of the money from this fund is an apparent bad debt. In Jodhpur, there was no co-operative bank and the State used to finance co-operatives on the recommendation of the Registrar. However, the amount made available to the societies was very small varying from Rs. 50,000 to Rs. 1,00,000 per year which was quite inadequate against the total requirements. In Jaipur, the finance used to be provided by the Bank of Jaipur Ltd., (a Joint-Stock Bank) on the guarantee of the State Government upto a maximum limit of Rs. 21 lakhs. In the remaining States practically no arrangements existed for financing the co-operatives.

Since Integration.

With the formation of Rajasthan Union in April, 1949 the Co-operative Departments functioning in various integrating States were amalgamated and a central Department with its headquarters at Jaipur under a Registrar was organised. The whole of the State has been divided into seven zones, each zone being placed under a separate Assistant Registrar. Further, there existed in various States several Co-operative Societies Acts. Recently, a uniform Co-operative law has been promulgated by the State legislature which has come into force since 1–4–53 replacing 6 different Acts. The draft Rules framed under the Act are under the consideration of the Government. On account

of a variety of factors among which particular mention need be made of the inadequate financing arrangements, lack of trained staff and general ignorance of the masses, enough progress could not be made during the last four years in the expansion of the movement on concerted lines. However, sustained efforts have been made to cover up the deficiencies to some extent.

The position of the work in the co-operative institutions during the period since integration may also be reviewed as under:—

S. Number.	Type of Societies.	No. of Societies.		Membership (In thousands.)		Transactions (in Lakhs of Rupees). Advances of loans or purchase of goods.		Transactions (in Lakhs of Rupees). Recovery of loans or sale of goods.	
		50-51	51-52	50-51	51-52	50-51	51-52	50-51	51-52
1	Central Banks...	10	12	3.6	4.6	129.04	95.50	18.88	91.60
2	Central Non-Credit ...	18	35	1.0	2.7	53.89	47.74	51.84	53.86
3	Agricultural Credit ...	1,706	1,739	33.2	35.9	16.62	15.88	13.30	9.63
4	Agricultural Non-Credit ...	445	539	19.3	20.6	37.63	24.25	38.28	23.62
5	Urban Credit ...	141	164	15.0	16.6	19.58	35.91	17.75	33.31
6	Non-Agricultural Non-Credit ...	821	942	72.9	78.3	103.98	86.20	112.36	104.71

The pattern of orthodox co-operative credit structure with an Apex Bank at the top, co-operative central banks in the middle and the primary societies at the bottom is not available in Rajasthan in the absence of an Apex Co-operative Bank. The central banks which for the present form the backbone of the financing system of the co-operative movement are also not in a developed stage except in a few cases. Ordinarily, the area of operation of a central bank extends over a Revenue district with the exception of the central bank at Kotah whose sphere of activities extends to two Revenue divisions for reason of its having been a co-operative bank for the whole of erstwhile Kotah State and subsequently (Former) Rajasthan, comprising Kotah and Udaipur States.

The membership of the banks is of the mixed type with the predominance of society members. Though the central banks have not been able to meet adequately the requirements of their constituents, yet the member societies are striving keenly to strengthen their resources by purchasing their shares in proportion to the borrowings. The central banks have been enabled to accommodate the societies from out of the funds they receive from a joint-stock bank at Jaipur against Government guarantee. The primary societies by themselves are tiny institutions as compared to their counterparts in other States but it is hoped that with the formation of the Apex Bank they will also rise to stature.

Urban and land mortgage banks have not been organised in the State so far.

Effective steps are also under consideration for introduction of Debt Conciliation Boards for scaling down the old debts of the agriculturists.

As regards the formation of the ApexBank it has already been stated that it would be formed very shortly. Necessary preliminaries have been thoroughly discussed with the technical experts of the Reserve Bank of India.

The progress of the movement in the non-credit sphere has not been very impressive but the results achieved inspite of the limitations attendent appear to be encouraging enough as will be seen from the foregoing statement.

Future Development:

It is proposed to re-organise 1,830 agricultural credit societies and to start new societies in all suitable places. It is expected that in the next eight years there would be about 15,000 societies in the State. In undertaking any ambitious Plan of expansion or re-organisation, finance is the main requirement. The existing central banks with their poor capital structure require equally to be re-organised. Since the movement by itself is not capable of revitalising or otherwise strengthening the structure of the financial institutions, adequate Government assistance and sympathy is necessary for building a strong co-operative structure. There has to be a substantial contribution towards the share-capital of the central banks and they would also require some subsidies and grants to meet the administrative expenses in the initial stages. Immediately, it is proposed to have 15 central banks and in due course each of the 24 districts will have a separate central bank. To feed the requirements and regulate in an efficient manner the activities of the central banks, the

formation of an Apex bank is in the offing. The Bank, after its formation would avail itself of the financial accommodation provided by the Reserve Bank of India for financing seasonal agricultural operations and marketing of crops at concessional rates of interest.

The need for medium and long-term capital for land improvement and development works has been keenly felt all over the State. As already stated, there is at present no machinery of any kind to provide such capital to the agriculturists. It is proposed to set-up a central co-operative land mortgage bank and five primary land mortgage banks, to begin with. It is hoped the Government will provide adequate financial assistance for running these institutions. A considerable portion of the initial capital may be derived through floatation of debentures. The long-term aspect of the agricultural finance has been seriously neglected in the covenanting States so far, whereas the Five Year Plan lays considerable emphasis on agricultural developments through more extensive utilisation of land. Legislative restrictions on transferability of the rights in land and the precarious agricultural economy of large tracts of the State have also been the causes which have withheld any improvement in this direction. The Reserve Bank of India is likely to assist in the re-organisation of the co-operative credit structure especially in the backward States and the provision in the Five Year Plan to have a number of All-India centres of co-operative training encourage one to feel that the entire co-operative structure would undergo a radical change in the country as well as in this biggest part B State. Although the Planning Commission suggests that it may not be invariably necessary to have a separate banking institution for land mortgage either at the State or district level, the weight of expert opinion is in favour of a separate long-term financing agency, on the ground that the problems connected with mortgage credit are far too complicated and specialised to be successfully handled by the ordinary co-operative banking and credit system. There might be some instances in which the same co-operative agency deals with both short and long-term credit but their number is not large. The Reserve Bank of India, it appears, has liberalised its policy in the sphere of rural finance. With the coming into existence of the chief financing institution, Rajasthan may be able to avail itself of the facilities enjoyed by other advanced States provided the structure, of central financing institutions and the primary co-operatives is strengthened simultaneously.

5

Housing Co-operatives.

Due to numerous draw-backs, Housing Co-operatives, except in the case of those comprising mostly displaced persons, have not made much progress. There are 218 important towns and cities in Rajasthan and the middle class families living there could be facilitated to a large extent by the formation of housing co-operatives in all suitable places. The Government is likely to take up the schemes of procurement of long-term finance for the purpose. During the next three years Rajasthan would have a considerable number of housing co-operatives in all the important towns.

Marketing Co-operatives.

As already stated, commercial crops like cotton, ground-nut, oil-seeds, sugar-cane, and zira are annually available in large quantities for export to sister States. The producers are generally exploited by the middlemen possessed of a high degree of business acumen. The 15 Co-operative Marketing Unions existing at present are too inadequate to bring about any significant improvement. It is proposed to start within the next 3 years 13 co-operative marketing societies in important mandi centres and to help the agriculturists to market their produce to the best advantage. Establishment and re-organisation of marketing co-operatives necessitates the construction of godowns for storage of members' produce. Experience has shown that such societies are generally in need of interest-free loans and subsidies for undertaking the construction of godowns. The State Government may have to be very sympathetic in encouraging the promotion of marketing co-operatives, which are equally essential like the credit co-operatives as on their sound structure depends the willingness of the Reserve Bank of India to advance money for marketing of produce.

Industrial Co-operatives.

The necessity of developing the industrial co-operatives cannot be over-emphasized. This is perhaps the only measure to arrest further un-employment in the State. The existing 452 industrial co-operatives require some re-organisation in varying measures. There is also the need of technical advice, administrative control, financial assistance, marketing facilities, each of which require a solution by itself. The few marketing emporia managed by the Industries Department of the State may be utilised in an increasing measure to arrange for the marketing of the goods of industrial co-operatives. Steps are being taken to develop the cottage industries on co-operative lines in an increasing measure and the State would have a thousand *induscos* at the end of next five years.

Consumers' Stores and Weavers' Co-operatives.

The Consumers' Stores and the Weavers' Societies which owe their existence to the introduction of controls are in a very precarious condition now that the controls are lifted. There are some good stores having large funds which may be able to undertake subsidiary functions for continuing their existence but there is a large majority of those which have not sufficient accumulated resources. A concerted drive is likely to be undertaken for federating these weaker institutions and making Consumers' Co-operatives an economic and healthy proposition. It would be injurious to lose the capital accumulations of the small units in the ultimate better interests of the movement. The rural Consumers' Stores would be converted into multipurpose societies wherever feasible. Similar is the plight of the weavers' societies. The State Government contemplates to revive these units on the lines of Weavers' Co-operatives in Madras. It is learnt the Reserve Bank of India is shortly going to have its Act amended to permit issue of industrial loans, which will help rejuvenate the *induscos.*

We propose to have a net-work of co-operatives preferably of the multipurpose type in each community project area which will arrange to provide credit, seeds, implements, for marketing of produce and many other requirements of the people.

Scheduled Tribes.

About 40 societies already exist in the scheduled areas and more societies of the type suitable for the various regions would be organised so as to secure to these poor and backward people the full value of their labour. The scope for improving their conditions is too great especially because of the rich forest produce such as katha, gum, honey, lac, etc., which none but these poor inhabitants have the right and the capacity to tap.

Grants under the Five Year Plan.

With the availability of staff and expected supply of enough finance for our institutions we hope to achieve good progress in the co-operative field but our enthusiasm and capacity have been restricted by the treatment the Planning Commission gave the State in comparison with other far-smaller units in the matter of allotment of funds, as will be clear from the following:—

Grants sanctioned by the Planning Commission under head "Co-operation" and "Rural Reconstruction" in some Part 'B' States, vis-a-vis the Area, Population etc.

Serial No.	Name of State.	Area in Sq. miles.	Population (In thousands.	No. of Co-operative Socs. (In thousands.)	No. of members in Co-operative Socs. (In thousands.)	Amount sanctioned for Co-operative Development (In Lakhs of Rupees.)	Amount sanctioned for Rural Reconstruction work (In Lakhs of Rupees).
	'B' States.						
1	Hyderabad ...	82,168	18,653	17.1	14.4	35.3	...
2	Madbya Bharat ...	46,478	7,942	6.3	1.6	25.0	60.0
3	Mysore ...	29,489	9,072	5.1	4.7	7.1	81.1
4	PEPSU ...	10,078	3,469	1.2	0.4	15.0	...
5	Saurashtra ...	21,415	4,136	0.5	0.2	31.8	216.1
9	Travancore Cochin ...	9,144	9,265	3.4	2.6	8.0	...
7	Rajasthan ...	1,30,207	15,298	*2.9	†1.0	3.0	15.0

* Now 3.6 † Now 1.5.

GOVERNMENT SUPPORT OF FARM CO-OPERATIVES IN THE U. S. A.

BY

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By 1953 every State and territory of the U.S.A, as well as the Federal Government have granted co-operative associations some specific statutory authority to organize. Thus, the distinctive characteristics of the co-operative form of business were recognized. Yet, there is considerable difference among the individual State laws as to what exactly is meant by a co-operative and what is considered a profit-seeking corporation.

Statutory Provisions.

The earliest of the U. S. incorporated co-operatives were forced to organize under general corporation laws, and then look to such devices as voluntary limitations on stock ownership and various operating practices to reflect co-operative principles. This was unsatisfactory because of a tendency for such co-operatives to "degenerate" into ordinary stock corporations. As time went on and the characteristics of co-operative organization structure became more clearly defined, separate statutes for mutual and co-operative organizations were adopted. Interestingly enough, it has been only within the last decade that last of the 48 States adopted its co-operative statutes.

The mere passage of legislation authorizing the incorporation or chartering of co-operative organizations is evidence that such co-operatives are considered to be in the public interest. In some cases, however, the legislation has included a rather definite statement of policy. A typical example is the Act passed by the Kentucky legislature in 1922, and used as a model by a number of other States. Its preamble reads as follows:

"**Declaration of Policy**:—In order to promote, foster and encourage the intelligent and orderly marketing of agricultural

Note on Sources: The material appearing in this paper was originally compiled into an address read by Harold Hedges, Chief of the Co-operative Research and Service Division of the Farm Credit Administration, United State Department of Agriculture, at the Fourty-Fourth Annual Congress of the Co-operative Union of Canada, Edmonton, Alberta on March 10th, 1953. For a comprehensive analysis of the role of U.S. agricultural co-operatives in the overall farm economy see: Dr. Murry R. Benedict, "Farm Policies of the United States, 1790-1950." New York-The Twentieth Century Fund, 1953, pp. 548.

products through co-operation; and to eliminate speculation and waste; and to make the distribution of agricultural products between producer and consumer as direct as can be efficiently done; and to stabilize the marketing of agricultural products, this Act is passed."

In considering this matter of Government policy we need to look beyond the mere fact that co-operatives have been given legal sanction to organize. The attitude of the Federal Government has been one of encouragement, certainly to farmers, to utilize co-operative techniques. What evidences do we have of such an attitude? In this connection it is well to recognize that Government policy in a democracy toward any of its institutions is unlikely to crystallize suddenly. A more likely course is one of evolution. In the case of farmer co-operatives, this process has been under way for several decades. Today we find it quite specifically expressed in a number of Congressional acts.

There now is a large body of State and Federal legislation, other than that granting legal sanction, which recognizes the distinctive characteristics of co-operative associations. This is supported by a considerable bulk of judicial decisions. A typical example is in the area of anti-trust legislation. The Sherman Anti-Trust Act of 1890 cast real doubt on the legality of marketing contracts and agreements of co-operative associations[1]. It required the Clayton Act of 1914 and finally the Capper-Volstead Act of 1922[2] to assure farmers the right to act together in co-operative organizations to further their economic interest.

There are a number of Federal statutes which include provisions to prevent discrimination against farmer co-operatives. The Packers and Stockyards Act of 1921 assured to co-operatives the right to pay patronage refunds to members without being in violation of a general provision against the making of rebates. The Grain Futures Act of 1922 likewise provided that grain exchanges could not deny memebrship to co-operative associations because of the payment of patronage refunds. Later the Robinson-Patman Act of 1936 relating to fair trade practices specifically preserves to co-operatives the right to pay such refunds.

The State and Federal legislation just mentioned relates primarily to the granting of legal sanction to co-operatives and to

[1]Price agreements were interpreted as collusion which was henceforth considered illegal.

[2]This Act is often called "The Magna Charta of U. S. Co-operatives"

the prevention of discrimination against them because of their methods of organization. In the above quoted preamble to the Kentucky Act of 1921 there is more than a hint of encouragement to farmers to utilize co-operatives. In a number of Federal acts there has been similar encouragement. These should have some comment.

The Federal Farm Loan Act of 1916 did more than recognize the difficulties farmers were having in getting credit at reasonable rates and adapted to their needs. It utilized the co-operative pattern in authorising the setting up of national farm loan associations. It also instructed..."the Federal Farm Loan Board to disseminate in its discretion information for the further instruction of farmers regarding the methods and principles of co-operative credit and organizations."

Co-operatives, like their farmer members, also were encountering difficulties in obtaining adequate credit from commercial banks. For one thing, there was certainly skepticism, if not antagonism, towards this rather new form of business enterprise. More often than not, directors, and often members too, were required to pledge their own property in order to obtain credit for their associations.

As early as 1921, a Federal credit agency, the War Finance Corporation, was authorized to make loans to farmer co-operatives—and did so. Two years later, two steps were taken by Congress to improve the situation. One was an amendment to the Federal Reserve Act making certain credit instruments of the co-operatives eligible for rediscount by federal reserve banks. The second was an Act providing for setting up the 12 federal intermediate credit banks as part of the farm credit system and authorizing them to discount certain types of co-operative paper. One might properly interpret these Congressional acts to equalize credit facilities as between co-operatives and other business firms as efforts to eliminate discrimination rather than to encourage co-operative development. Certainly they had both effects.

The effort to improve the credit sources of co-operatives did not end, of course, with the two steps just cited. A further step was taken by Congress in passing the Agricultural Marketing Act of 1929, and the effort was culminated by the setting up of the central and 12 district banks for co-operatives by the Farm Credit Act of 1933. This Act also provided for setting up a nation-wide system of production credit associations on a co-operative basis.

The Act of 1929 is of greater scope than indicated by the credit angle, however. It set forth very definitely that the encouragement of co-operative organization among farmers was the declared policy of Congress and therefore of the Federal Government. Here is a quotation from the Act: "It is hereby declared to be the policy of Congress to promote the effective merchandising of agricultural commodities—by encouraging the organization of producers into associations or corporations under their own control for greater unity of effort in marketing and by promoting the establishment and financing of a farm marketing system of producer-owned and producer-controlled co-operative associations and other agencies." Significantly, when the Act of 1929 was amended by passage of the Farm Credit Act of 1933, this statement of policy was left unchanged.

This aspect of policy has been one of rather slow evolution. From the very earliest tax laws of 1909 and 1913 an exemption was extended to farmers' co-operatives if they operated in a stipulated manner. The qualification provisions for the so called exemption have been modified by subsequent acts, culminating in Revenue Act of 1951.

At no time has the Federal Government attempted to tax as income to a co-operative any amounts of operating proceeds arising from purchasing or marketing operations which a co-operative was under a definite contractual obligation to allocate or return to its member-patrons. The Act of 1951 goes somewhat further in requiring that patrons shall be notified of any proceeds placed to their credit if such amounts are to be excludable from the taxable income of the co-operative. Farmers are required to report for taxation any such amounts on which they receive notification from a co-operative, if the amounts affect their farming business income or expense. This applies to distributions in non-cash forms as well as to cash. The so-called exempt group of farmers' co-operatives (which must meet certain qualifications) are not taxed on the amounts represented in dividends paid on capital shares. About 40 per cent of U.S. co-operatives are in the group which *is* taxable on such dividends.

It is quite evident that Government policy toward co-operatives other than the granting of legal sanction is a significant part of the broader policy relating to agriculture. There is one idea which persists through nearly all the discussion and debate on agricultural issues which have come before the U. S. Congress almost since the turn of the century. It is the important place given to the family size farm as a contributor to national welfare. In fact, Government encouragement to co-operative department largely has been justified because of its contribution to preservation of a family-farm economy.

A highly important aspect of agricultural policy has been public support for agricultural research and education at both State and Federal levels. The first and still the major field on such activity is production. But marketing and other off-farm aspects of the industry have been receiving ever increasing attention. In the latter category, research and education relating to agricultural co-operation have not been neglected.

In the United State Department of Agriculture some of the earliest research in marketing concerned co-operatives. The first agency of the *USDA* set up to give attention to the economic problems of farmers was the Office of Markets in 1913. Research relating to the organizational and accounting problems of co-operatives received substantial attention. In 1922 the Bureau of Agricultural Economics was established to bring together all economic work of the Department. One of its units was a Division of Agricultural Co-operation. It was in 1926, however, that the National Congress gave specific recognition to the need for research and education relating to farmer co-operatives by passing the Co-operative Marketing Act. This Act authorizes a Division in *USDA* to carry on this research, service, and educational work.

In addition to the Act of 1926, the Agricultural Marketing Act of 1929 charged the administering agency among other things to:

(1) Promote education in the principles and practices of co-operative marketing of agricultural products and food products thereof; and

(2) Encourage the organization, improvement in methods and development of effective co-operative associations.

The Act of 1926 and the amended Act of 1929 are now administered by the Farm Credit Administration of *USDA*. The Division specifically authorized by the Act of 1926 to conduct research and educational work now is the Co-operative Research and Service Division of the Farm Credit Administration[1]. Considerable activity of similar character is carried on by State agricultural colleges and other State agencies, usually under general authority granted by State legislative bodies.

1 The circular on the California Fruit Growers' Exchange which was so ably reviewed by Professor Kulkarni in the July-September, 1952, issue of this *Review* is an example of FCA research.

It is apparent from the foregoing discussion that Governmental policy toward co-operatives did not spring up suddenly. Instead the complete policy has taken shape gradually and over a span of many years. It is not set down in any single document, although we find expression of certain aspects of the broad policy in a number of legislative acts. Some of these were quoted. Nor is it a static policy for it is the prerogative of Congress and of State legislatures to re-examine and reappraise whenever they believe changing conditions justify.

Implementation.

The legal right of co-operatives to incorporate co-operative principles and practices into organization structure and operating procedures is highly important. For most types of co-operatives, legal sanction is granted by State rather than Federal laws. The major exceptions are those cases where the co-operative pattern has been utilized by the Federal Government to further certain of its action programs which have been adopted in the public interest. To carry out the program of credit assistance to farmers, Federal charters were authorized first for national farm loan associations and later for production credit associations. The same is true for federal credit unions. A highly significant angle in the farm credit program is the plan for gradual retirement of Government capital and its replacement by grower capital until full ownership is attained by the borrowers[1].

Referring again to the State statutes authorizing the incorporation of co-operatives, here too the U.S. has gone through a process of progressive development. A very wide variation still exists among States in the provisions of their co-operative statutes. However, there has been real progress in the quality of the enabling Acts with the net effect that there is greater assurance that the co-operatives incorporated under them will be and remain co-operative in character and operation. It should not be forgotten that this has been brought about in large part by the body of judicial interpretation and decision growing out of court cases which questioned co-operative principles and practices.

What Governmental action has been taken to provide credit facilities adapted to the needs of farmer co-operatives? The history of Federal legislation cited above is on the whole a history

1 The plan setup of the Rural Electrification Administration to get electric current to farmers makes major use of the co-operative pattern and the idea of gradual replacement of Government capital with user capital.

of improvement in credit facilities available to farmer co-operatives. Today there exists the Central Bank for co-operatives located in Washington, D.C. and 12 district banks for co-operatives. These institutions are dedicated to the making of sound loans—loans fitted to the needs of co-operatives and yet with reasonable assurance of prompt and full repayment.

The process of evolution in the banks for co-operatives of the United States still goes on. In time, provision is likely to be made for the gradual retirement of Government capital in the system and its replacement by borrower-owned capital. Other changes will likely broaden the base of credit sources available to co-operatives through the banks.

In the area of Government policy as it concerns research and education relating to co-operation, the matter of implementation needs some further comment.

The direct responsibility for carrying out the provisions of the Co-operative Marketing Act of 1926 rests in the main with the Co operative Research and Service Division of the U.S. Department of Agriculture, its activities are co-ordinated informally, however, with those of many other agencies of the Department and with other agencies of Government—State and Federal—concerned with the problems of agricultural co-operatives.

For its work under the Act of 1926, the Division has a staff of about 30 professional workers. There are commodity and functional specialists thoroughly familiar with the operation and problems of farmer co-operatives—whether marketing, purchasing or service organizations. The research problems they attack fall in two broad areas. In one are the problems which arise from the distinctive nature of the co-operative organization—problems of organization structure, financing, pooling and other aspects of operation at cost, membership relations, and the like. In the second area are the problems of business efficiency. After all co-operatives are business concerns and their effectiveness to members and in the economy generally is tied in with their operating efficiency.

The work of the Division as it relates to service and education is carried on in a variety of ways. Its research reports and general publications provide much of the material used by college teachers in their courses involving the subject of agricultural co-operation. It works closely with State and Federal agricultural extension services and vocational agriculture groups in their work with farmers and youth groups. It works directly with co-operatives and groups of co-operatives on their various operating problems. It undertakes to provide other Government agencies with information on and understanding of co-operative principles, practices and problems when the need arises. It assembles and issues the national statistics relating to farmer co-operatives.

The policies of State Governments in this matter of research and education are quite varied. In the main, however, the activities of the States in this area most often are centered in the departments of agricultural economics of the State colleges and in the agricultural extension service staffs. Likewise the State vocational agriculture teaching groups, which are attached to high schools, are including more material in agricultural co-operation in their general programs of work.

Summary.

Farmers by trial and error and under pressure of economic need found there were real possibilities in the co-operative way of doing business. By group effort, they urged and obtained from legislative bodies the necessary laws giving legal sanction to the co-operative form of business organization. By similar effort they obtained legislative assurance to prevent discrimination because of the distinctive operating methods used by their co operatives. The tax position of co-operatives gradually was clarified over the years particularly as it involved the patronage refund and other aspects of operation at cost.

The National Congress, becoming increasingly aware of the weak bargaining position of the family farm in an economy dominated by large-scale business firms, took steps to encourage co-operative development as an equalizing influence. One move was that of improving credit facilities accessible to co-operatives. Another was the specific authorization of research and educational work to aid farmers in utilizing co-operatives as a means for self-help.

The Government policy toward co-operation has developed slowly and is still in process of change. What those changes will be only time will tell. And it is well to keep in mind too that it is not a policy separate and distinct from agricultural policy generally nor from policies affecting other segments of the U.S. economy. Instead it is a part of the over-all policy which Congress and State legislative bodies have developed regarding the American economy. And it should be added that international factors are influencing more and more that U.S. economy.

PARTNERSHIP OF SOCIETIES

By

C. M. GANDHI

Bombay Government has added one more amending Act No. XLI of 1953—this being the ninth in its series of amending Acts of the Bombay Co-operative Societies' Act of 1925 after the Congress Government came into power.

The newly added Section 15-B runs as follows:

After Section 15-A of the said Act, the following section shall be inserted, namely :—

" 15-B (1) Any two or more societies may, with the approval of the Registrar, by a resolution passed by three-foruths majority of the members present and voting at a general meeting of each such society, enter into a contract of partnership for carrying out specific business or businesses, provided that each member has had clear ten days' written notice of the resolution and the date of the meeting.

(2) Nothing in the Indian Partnership Act, 1932, shall apply to such contracts of partnership ".

It enables any two societies of whatever type they may be, to enter into a contract of partnership for any specific business or businesses. One wonders whether it was really necessary to have a provision of this nature in the new amending Act, in view of Section 23 of the Act of 1925, which says that a registered co-operative society is a corporate body with power to enter into contracts. That means a co-operative society has unrestricted power of entering into contracts within the ambits of the objects of such a society. Section 15-B however, requires that a contract of partnership entered into by the societies under that section must be with the approval of the Registrar. Will a contract of partnership entered into under the authority of section 23, but without the approval of the Registrar be valid or will it be invalid? Will section 15-B restrict the absolute power of entering into a contract which section 23 gives? If the power of entering into a contract given to co-operative societies under section 23 has not been found to have been misused, why add one more duty to the enormous heavy duties which the Registrar has to discharge. Is it an attempt to reach the goal of deofficialization of the movement?

But the newly added section bristles with several other difficulties. If a dispute arises between two such societies that have entered into a partnership contract for specific business, can it be decided by arbitration under section 54, I am afraid not. A dispute regarding the business of a society between the society and its member can be referred to arbitration under section 54 but here the dispute will be between two independent societies. If, therefore, the dispute between two such societies cannot be decided by arbitration under section 54 then it will have to be decided by a Civil Court. By what law the rights and liabilities of the two partner societies be governed in the case? Will they be governed by the provisions of the Partnership Act of 1932? But the present amending Act says those provisions shall not apply. Then another important question would arise. Can this provision in the Act of a State Government in any way affect or abrogate the provisions of the Partnership Act which is an Act of the Central Government or will this clause in section 15-B be regarded as *ultra vires* of the Bombay Legislature.

If it be held that section 54 applies then will it be governed by justice, equity and good conscience under Rule 35 of the Bombay Co-operative Societies Rules, 1927? In the pre-independence period justice, equity and good consciense meant principles and rules of English Law if found applicable to Indian Society and circumstances (I.L R. 35 Calcutta, 34 at page 58 and I.L.R. Bombay, 551 at page 561.) But now that India is a Sovereign Republic will those principles be taken as principles of justice, equity and good conscience or should the phrase, justice, equity and good conscience be held to mean the provisions of the Indian Act.

REVIEWS

AN INTRODUCTION TO CO-OPERATIVE PRACTICE—(International Labour Office, GENEVA—1952; 50 cents or 3sh; pp. 50.)

The interest of the I.L.O. in Co-operation is well known and Governmental and non-Governmental agencies throughout the world have come to look upon the I.L.O. as the international clearing house for information on co-operative procedures and practices in all the nooks and corners of the world. The publications of the I.L.O. on Co-operation have always been instructive and packed with information. This booklet which is a welcome addition to that useful list has greater significance for co-operators.

It is mainly the work of an Ex-Registrar of Co-operative Societies of Ceylon, Mr. W. K. H. Campbell, and seems to be intended for the guidance of the officers of the Co-operative Department in the Colonies—the so called backward Countries—where the co-operative societies are to be 'created' by the officers to suit the 'policies' of the Government; and to such people this book is an excellent guide.

The first chapter deals with the important principles of Co-operation concisely. The second chapter dealing with the place of Co-operation in the Community is novel; the aims and methods of working of the various classes of societies and the usual reasons for the failure of such class of societies *i.e.* the pitfalls to be avoided and guarded against by those in charge of the Movement, are explained. Dealing with the functions of the Government the author says that "the help of the Government has to be given in an extremely, skilful manner, without ever losing sight of the fact that the object is not to perform work for the members of a co-operative society but to teach them to do it for themselves." But while dealing with the work of the officer he holds that he is "to encourage, guide and control (?) the operations of the co-operative societies." He calls attention "to the danger of devitalising societies by undue pampering and spoon-feeding" (p. 16.) Later he emphasises "the Government officials should make it quite clear that they are merely the guides and helpers and that their purpose is simply to show the people the means whereby they can help themselves." (p.30).

The next two chapters explain the various precautions to be taken in organising a new co-operative society, *viz.*, the need for simplicity, the need for exact definition of aims, the need for careful determination of the area of operations, the need for and the methods of raising adequate capital, the risks to be assumed or avoided, the manner of settlement with the members etc., are explained in detail. In the fifth chapter on 'administration and operation' the rights and duties of members, the powers of the General Meeting, the election and powers of the Committee of Management, and of the office-bearers, voting rights, and the general relationship of the co-operatives *interse* in educational and commercial matters and the importance of the federal principle in the financial, commercial and administrative spheres have been explained.

The author who has himself been an official of the Co-operative Department in various countries, in various capacities has at various places made pertinent remarks regarding the exact position of the officers of the Co-operative Department, presumably for the guidance of those now working in the Departments. We would commend them for the consideration and actual practice in day to day working of the officers of the Department in the various States in our country.

We hope that this book will be read carefully by all the workers in the co-operative field especially the officials and the practices recommended therein scrupulously followed.

THE CO OPERATORS' YEAR BOOK, 1953—Edited by Arthur Jupp and Alfred Perkins—(The Co-operative Productive Federation, Ltd., Leicester; pp. 112; 1sh. 6d)

This Year Book of the Co-operative Productive Federation is devoted entirely to a discussion of the problems of co-operative productive societies as also the problems of production by other societies—wholesale and retail. Mr. J. A. Hough, the Research Officer of the Co-operative Union, sketches the course of co-operative developments over the past 50 years; it is found that over the last 50 years co-operative productions increased over 18½ times while co-operative retail trade increased only 12½ times during this period. Dr. N. Barou, in a thought provoking article pleads for a reconsideration of its attitude towards co-operative production especially workers' societies by the Labour Movement. Mr. J. M. Wood discribes the problem of co-operative production from the point of view of the Dry Goods Trade Association while Mr. A. N. Silver of the London Co-operative Society discusses how co-operative production can meet the needs of co-operative retails societies. Mr. Arthur Jupp discusses the realm of co-operative co-partnership and urges the movement "to act in accordance with general social trends of the time and embark upon a programme of expansion in the productive field in which the present aspirations towards economic democracy can have practical expression." Mr. Desmond Flanagan discusses the duties of retailers and workers in selling co-operative productions for mutual benefit. Dr. Hasselmann explains the place of a productive society in co-operative economy with special reference to Germany and rightly points out that "the particular contribution of co-operative productive society to co-operative life does not lie in the material economic but in the spirtual social sphere." Mr. Harold Taylor, President of the Co-operative Productive Federation, gives a brief history of the Federation and Mr. J.W. Ames explains the achievements of co-operative production in Sweden. There is, as usual, a statistical review of the productive societies in 1951, as also the directory of such societies.

We are glad to be able to say that this small book of 112 pages, is as usual, packed with articles of lasting interest to co-operators all over the world interested in the development of co-operative production.

—S. V. S. SHARMA.

CO-OPERATIVE CONFERENCES AND MEETINGS

CONFERENCE OF NON-CREDIT CO-OP. SOCIETIES OF MAHAKOSAL

Held at Jabalpur on 17th January 1953

Extracts from

The Presidential Address of Shri P.L. Dhagat M.A., L.L.B. Minister to the Government of Madhya Pradesh.

Let me first of all express my gratefulness to you, gentlemen, for doing me the honour of presiding at your deliberations and giving me this opportunity of expressing my views over the subject of Co-operation I am thankful to you for your kind thoughts about me.

We are passing through very strenuous time in the development of our country. On one side we have to make up for the lag which we have suffered during foreign domination and on the other to share with the rest of the world the burdens of keeping up international atmosphere. It is necessary for us to realise this position with all earnestness.

Pandit Jawaharlal wants a *Co-operative Commonwealth* for India. The U. N. are desirous of establishing a co-operative *World Government.* The Socialists and the Communists base their economy on the co-operative effort of their people. The *World*, in short, is imperceptibly moving towards *Co-operation*. Willingly or unwillingly people are talking of the same thing under different captions.

Co-operation is a people's movement. All jurists combine to say that the sovereignty of a people lies hidden in the people themselves. Co-operation seeks to bring this fundamental factor out of its hiding. A people have an inherent right to manage their affairs to the best common advantage of the group. Co-operation is a fight between the Social as opposed to individual interest. Who should predominate the individual or the group? The answer need not be given—it comes automatically.

Co-operation as a pooling of lots in the wider field of human activity existed in India from time immemorial but co-operation in its modern shape of an economic theory for the evolution of the lot of man, started as a credit movement. It was a recognition of the economic value of a social force. During British regime, no other form of movement flourished. In fact, it was carefully guarded not to go beyond the beaten track. All attempts to organise other forms of co-operation were smothered into extinction.

The main objective of the co-operative movement is to develop a healthy growth of group psychology, through group organisation and group management, keeping always in view the realisation of group welfare ultimately culminating in National development. Co-operation is not a mere ideology, it is a way of life, the emphasis being not on the profession of the principles only but on action and an effort to live upto them. It is in this that the importance of the movement lies. It seeks to educate the individual instinct in man to live and work for the group. In Co-operation, group welfare dominates over the individual interests. In contrast to other economic theories, Co-operation has no political ambitions and unlike them it does not ordinarily take the shelter of political institutions for achieving its objective. It is a natural process based on the social instinct in mankind. As an economic doctrine Co-operation is a synthesis of elements of several economic systems based on certain ethical standards. (But its objectives of ethica standard and social welfare relate mostly to the gains of a business. In its actual operation it has necessarily to follow the ordinary economic routine.) It is capable of rising to majestic heights only if the '*Ego*' in man is subordinated to the group. Co-operation is the movement of the masses and as such, the scope for the development of such group formation, is indefinite. As a social doctrine it is an organisation of the force of the living masses capable of infinite energy incomparable to the force of the dead weight of the yellow metal.

It must be remembered that Co-operation in India did not have a natural growth. It was subjected to several prunings and trimmings and had therefore a lopsided development. It will be noticed that the Imperial policies in India were so based as to promote individual as against National group interests. Co-operation, therefore, did not shape itself to the requirements of the country, or succeed to achieve the ideals it aspired to attain. In the general tenor of the British regime, the individual having been given a much greater importance than he deserved, institutions creating vested interests grew up and the social and National instinct was completely annihilated. Our outlook as a National, under such circumstances, got perverted. We started looking more at ourselves than at those that surrounded us. We forgot that we were only a part of a social order and not the order itself. No greater harm could be done to a people. We lost our National outlook completely. Co-operation for us, therefore, amounts to a regeneration of that inherent instinct in man whic make a people progressive and prosperous. With the rivival of freedom, this group instinct has to be redeveloped and reshaped to the needs of the country. The vested interests created by the past administration are coming into conflict with the effort for readjusting the outlook correctly. It is also the individual outlook which is primarily responsible for the maladies we are suffering from today, in the form of corruption, profiteering and black-marketing. Nation left to itself would have developed more Co-operatively than is the case now.

We stand, therefore, to curb down the individual instinct and for the development of a healthy, human and just social order based on the principle of our motto 'One for all and all for one'.

We may now revert to the subject matter of proceedings 'Co-operative Marketing'. Co-operative Movement being more or less a Self-Help Movement, any economic activity of mankind is capable of a Co-operative

organisation. In fact, activities other than economic may also be Co-operatively organised but all such activities not being self sustaining, the success attending such an effort may not be quite encouraging. Moreover, Co-operative Movement being a movement of *action* depends very greatly on environmental factors. Environments do not change abruptly and if they do, this change cannot be considered to be a dependable change. Efforts for organising, other than economic activities should wait till we have succeeded in creating environments necessary for the successful growth of such Institutions.

Efforts at Co-operative Marketing have been going on in this country ever since the movement took its birth. Along with the credit side the stores movement started almost simultaneously. I am sure, you must not yet have forgotten the memories of the famous Bombay Swadeshi Co-operative Store Ltd. Smaller stores were started all over the country. But capitalistic forces, and the ruling power would not let any such thing survive. The effort, therefore, met an unnatural end. Environmental factors again worked against the movement. The Stores movement continued its feeble existence through the space of time till the second World War. This was an all-out war and impinged very severely on the economic conditions of the people. A movement to regenerate the spirit of self-help was, therefore, natural. Efforts were started all over to organise Co-operative Stores. Stores started and functioned and received some Government assistance which was granted not as a social necessity but by force of circumstances. Various types and forms of Co-operative Marketing institutions have since come into existence and have been functioning with a varied amount of success. But behind all this effort, no plan or design is noticeable. The institutions that are now running in the name of Co-operation do not possess that spirit of fellowship and solidarity which is the soul of the co-operative enterprise and is the sustaining element in its career. Most of these institutions are running as much on profit motives as any other commercial concern.

At such a stage of the marketing movement, we are sitting here to review our activities and lay down fresh lines for our development. A theoretical consideration of the subject will help us to correct our perspective and redraw our boundaries for work. Such an effort will clear our misconceptions, ignite a desire for self-correction and persuade us to re-lay our policies for the future.

It is in this spirit that I propose to examine some of the fundamentals which lie underneath the marketing side of the co-operative movement and before I do so, I must first remind you all that the term 'Marketing' does not consist merely in the sale of goods to the consumers at large. Such an activity would more appropriately be a form of the distributive side of the movement, Our 'Consumers Stores' are performing this task. Marketing involves not merely a distribution of goods to the consumers but includes the operation, of the disposal of the surplus produce of the producers to their best advantage. Marketing activity is of a two fold nature, viz., the sale of goods required by a society and purchase of surplus goods of the small-scale producer to his best advantage. In the first case, the idea is to secure the advantages of 'wholesale purchase to the consumer; in the second, the objective is to enable the producer to secure best prices for his goods with a view to cover up the weakness of the individual seller in the disposal of his goods. The conjoint effort gives the seller or the buyer a power of resistence against economic forces.

The movement has to guard the individual particularly the weaker ones against the onslaughts of the more powerful. It has to stand for the force of unity against the force of material goods. The ultimate objective, therefore, of the marketing activities of the movement, is intended to reduce the intermediaries as far as may be possible and to protect and strengthen the position of the individual to secure to him a better place for himself in the society by obtaining a better bargaining power. In the field of economic activities the scope of marketing is very considerable. The credit movement can bear no comparison to the heights to which this movement may go.

Production and Consumption are the two principal activities of the human race. Distribution and the agency for distribution is merely subservient to these two main processes. When distribution degenerates, it loses all regard to the interests of either the producer or the consumer. In a society whose objective is to plan out its economic order on principles of fairness to all and favour to none, the Co-operative Movement is only the solution. I should have very much liked to compare here the' system of distribution economics in communistic and socialistic conditions but that would be going beyond the scope of our objective.

As I have narrated previously, co-operation is a process—a movement based on certain preconceived plans as translated into action by active effort. This process is entirely different from any political creed which usually prides more in its professions than on its practice.

Let us now look back to the activities which we have been so far carrying on and see how far we have been able to fulfil the functions of co-operative marketing as shown above. A reflection at the historical development of the movement will disclose that what we have been attempting so far was not a movement for marketing proper but that it was more or less a distributive effort aiming to meet the demands of its members. There is no link or co-ordination between one effort and another. Each co-operative store is working as a carbon copy of the commercial institutions motivated more by the profit motive of the mercantile form of economy than by a spirit of service as a social institution. The co-operators in this country must always put a question themselves, viz., how do we serve the cause of Co-operation? At the same time, "a co-operative must succeed as a business institution. It cannot prosper long on any other basis. Regardless of any individual social ambitions of its members, it must excel its

competitors in collective marketing or be doomed to failure". These are the words of Schaar and Bakken and they are very valuable words for any co-operators to follow. A co-operative association resembles a private business enterprise in the method of operation. In common with mercantile management it is principally a business organisation excepting that in mercantile management the contribution of individuals is in the form of money, in a co-operative, the human element is the principal contribution. From an organisational point of view there is hardly much to distinguish between the two.

The main objective behind co-operative effort is the pooling together of the individual lots, for the healthy development of a group psychology through group management and group welfare, realising that a human being is a social animal whose welfare consists not merely in his personal welfare but in the general welfare of the group.

It has, however, to be realised that co-operativism is a synthesis of elements of several economic systems and that its objectives of ethical standards and social welfare relate only to the distribution of the gains of business and to the process of its operation. The ordinary economic laws, therefore, apply as well to a co-operative enterprise as to any other business activity. The mercantile form of management and the co-operative are so similar in their constitution, and so similar in their operation and similar to an extent in their objective that we have to learn quite a good lot from those institutions to efficiently run our own. The success or failure of our Marketing Institutions, therefore, depends on how far we are following the fundamental laws that govern all marketing activities. Before, therefore, we start on a co-operative marketing organisation, the first thing to do would be *organise* the *Demand*. In any process of marketing it is absolutely necessary for the supplier to know the *Nature*, *Quality* and the *Quantity* of *Demand*. This is not at present available to the Co-operative Movement.

Labourers and petty agriculturists are the weakest links in the chain of economic activities, but these are the persons who are most numerous. Co-operation being a movement of the living mass, our task lies in organising these weakest links to give them the strength of combination and furnish them with a will to resist all aggressive designs of the physically powerful factors in the society.

No business activity can survive for long against a well-equipped adversary unless it follows ways and means to check and guard the advances of unscrupulous opponents. A co-operative business enterprise based on an ill-defined demand is likely to succumb to environmental influences. We must therefore advance very carefully and see that we have provided for all kinds of exigencies which are likely to arise in a competitive market. Without the organised demand, it is impossible for us to calculate our requirements and plan our purchases of supply. Moreover, without the demand being organised it is not possible to obtain for the movement the advantages of wholesale purchase and wholesale distribution.

A practical way to organise the demand effectively is to form consumers stores for labourers and workmen connected with large industrial establishments. There are 26 lakhs of persons working in various factories or mines in India. If all these could be organised co-operatively, it may be imagined what an astounding scope opens out for the movement. Once this is achieved marketing becomes an easy matter and can be arranged by a mere rule of three method. In this task even the industrial establishments themselves may be expected to come out for help.

The next item is marketing on which we must keep our eyes is to look for the sources of supply of articles in demand. If an organised businessman has to be beaten down in the field of business activity, it will be important for the movement not only to meet the businessman in every respect but to establish a reputation for moral integrity and for the quality of goods supplied and prices charged for them. This reputation is going to stand by us more prominently than any other single factor in business enterprise. In finding out our source of supply of a commodity we have to bear in mind that we have to supply the best available goods at as cheap a price as possible. We may have to provide for a range of commodities with the varying rates of prices to suit the pockets of those who are in need of them. This may lead us to grading and standardising. Organisation of the sources of supply is a more difficult matter than organising a demand. Supplies have to be obtained from a widely spreadout area. The producers have to be awakened that their interest lies in combination and that dealing with another combined unit is safer to deal with than to submit oneself to the caprices of the individual. The form and shape is a matter for a conference of this type to decide. Co-operative pools of grains and other agricultural commodities, fixing of a definite rate of profit that may be charged, prevention of adulteration, setting up of standard rates and measures and prevention of illegal and corrupt marketing practices are all matters which may have to be attended to.

In the organisation of the sources of supply a long process is involved. The first thing to be achieved would be to establish a contact with as many persons as may be possible. In the matter of the supply of agricultural produce the most suitable first step would be the establishment of co-operative warehouses for agriculturists and supply them credit on the basis of their produce. This would help to build up a clientele. The next would be the establishment of commission houses or Adat shops. The third would be the undertaking of the supply of organised demands for commodities. The introduction of a system of pools, gradation of goods, processing of these goods so as to enable their being stored for long will be matters which will need our attention from stage to stage.

In all spheres of marketing it will be the influence that you can wield in the market which will contribute a great deal for the success or otherwise

of your institutions. The presence of a Co-operative Institution in the market should be a corrective force for all businessmen in the locality. Thus Co-operative Institutions will not only bring about better traditions for business but also help to clear the dirty atmosphere that is now prevailing in the markets. This will be an important social function. It must be realised that the success of the movement depends upon the influence you can exert on the market conditions.

It is a well-known factor, gentlemen, that the Co-operative Movement suffers from the defect of impersonal management. This defect in our structure can be greatly mitigated by our controlling the lure of profits. The individual businessman suffers very heavily by the greed. This is his weak point. As an Institution, therefore, we must take full advantage of his weakness and utilise it for our own progress. As President of the Provincial Co-operative Marketing and Supply Society, I had made it a rule that the Institution should not charge more than 1 per cent as the rate of their profit. Such a limitation we shall have to impose on ourselves at every stage of our organisation. The amount of business that we are likely to do should compensate us for our labour and the service that we render to the society should be our solace and our pride.

In the end, let me reiterate that what is more important in the movement is not so much its material side as its human and social side. It is this which deserves our attention.

Co-operation is group economics. No nation can be organised until individuals organise into a group and the groups into bigger groups, until the whole nation gets suitably organised.

True, Co-operation is a slow process. But it is a natural process sure of its foundations. Co-operation is a realistic creed dealing with something tangible and concrete. It does not wander in the land of imagination alone. It is a scheme of partnership of both the good and the evil in life to enjoy and suffer together. Co-operation means progress.

Co-operate to build up or disintegrate into nothingness. These are the alternatives. Ruminate on this and take your decisions.

THE TWENTY-FIRST BOMBAY STATE CO-OPERATIVE CONFERENCE

Held at Anand on 3rd, 4th and 5th April 1953

Extracts from the Welcome Speech of Shri C. A. Vyas

I consider myself very highly privileged to receive you here this morning, in my capacity at Chairman of the Gujarat Vibhagiya Sahakari Mandal.

It is really significant that this conference is being inaugurated today by the Chief Minister of Bombay State as he is a firm believer in the dictum "The Nation or the world cannot progress but through co-operation and that man can become man only through co-operation."

The Bombay State is trying and will go on doing so to see that the spirit of the dictum pervades and overcomes all spheres of life. It is really a matter of great satisfaction that we are all here to review the position of the co-operative movement under this happy inauguration and able leadership and we feel particularly obliged that Gujarat had the proud privilege of receiving you all.

It is a matter of general agreement that the Five-Year Plan is to be executed as far as possible through co-operation. It is a matter of great privilege that this conference has been able to secure as its president one of the framers of the Five-Year Plan, and the Minister for Planning, Sjt. Nandaji, who was associated with Mahatma Gandhi, for years together.

Inspired by Gandhiji's teachings and leadership of Sardar, Gujarat took a leading part in the non-co-operation movement and won admiration from all quarters. It also replaced the belief "Public Service in leisure hours" by the belief that Public Service by itself can become a mission of life, and that changed the whole face of Gujarat. Those of the public-spirited who were trained under the above traditions and have now joined the co-operative movement with the same dash and sincerity, have contributed to some extent in advancing the cause of co-operation in Gujarat, and those seedlings of the co-operative movement, sown against heavy odds by people like the late lamented Lallubhai Samaldas, Vithaldas Thackersey, Malji, Kaji, Pritamrai V. Desai and Motibhai Amin as well as the present veterans like Sjt. C. M. Gandhi, Shri Vaikunthlal Mehta and Shri Saraiya are now taking sprouts. New avenues are being opened. After the enactment of the Co-operative Act in 1904, as in other parts of this State, co-operative societies started in Gujarat also. I think I should, in this connection, invite your attention to the fact that Anyonya Sahakari Mandali at Baroda has celebrated its diamond jubilee four years ago. Amongst the noteworthy types of co-operative societies in Gujarat are the Adivasi Societies in Surat and Panchmahals Co-operative Housing

Societies in Ahmedabad, the Ahmedabad Central Co-operative Bank having Societies alone as members, the Nari Nirvasit Sahakari Mandal, Kaira Dist. Milk Producers' Union, Charotar Gramodhar Sahakari Mandal and the Charotar Vidyarthi Sahakari Mandal Ltd. Even in those merged areas where co-operation was quite unknown the movement has now started to get its footing.

The Bombay Provincial Co-operative Institute, the principal institute catering to co-operative education and propaganda, took a first step towards decentralisation by establishing four regional mandals. Accordingly the first Gujarat Vibhagiya Mandal came into being and was registered on 18-11-51 and its first General Meeting was held on 28-2-52. On behalf of the Institute this Mandal runs the Gujarat Sahakari Shala at Surat and publishes a magazine by the name "Gram Swaraj". This magazine was being given to members of the District and Regional Mandals free of charge but the concession has now been extended to all societies from January 1953 which pay their contribution to the Education Fund regularly. As a result 5,000 copies of the magazine are published and as per suggestion of the Minister for Co-operation, efforts are being made to make the magazine illustrative, worded in easy language and mass appeal. There is a great scope for development of co-operative movement in Gujarat and, if regional federal bodies of different types of such societies be established, there is every chance to save this control-born societies from a collapse with derationing. As a result the co-operative movement will also be strengthened.

There is a dearth of experts in co-operation in Gujarat. How can we hope to carry on this great movement with a single Devchandbhai, Ratilalbhai or Kothari? We hope the Gujarat Vidyapith and the Commerce Colleges in Gujarat will make every effort to do away with this deficiency.

It is a very happy sign that women in Gujarat have taken to co-operatives. They have particularly applied their talents to home and cottage industries. Ladies from the middle class, as a result, have secured a new source of income. If these societies which at present function individually be brought together in a region-wide association, the raw material of one will be easily available to others, while the produce will get an easy and secure market and in these days of dire financial distress, we shall be able to provide great relief and succour to women.

Without taking any more of your time I once again extend a very hearty and cordial welcome to you all and request you to be so large-hearted as not to mind all inconveniences and troubles.

Extracts from the Welcome Speech of Shri J.A. Madan, Chairman, Bombay Provincial Co-operative Institute.

Our esteemed brother co-operator Shri Chhotalal Vyas has already extended a hearty welcome to us all and I am sure that all of us very sincerely appreciate the warmth of his genuine hospitality.

Provincial Co-operative Conferences were in the past held either at Bombay or Poona. The only exception hitherto has been in favour of Dharwar in Karnatak which has had the unique distinction of being selected as the venue of the Provincial Conference on two occasions. The first was as far back as in 1925 when I was Registrar of Co-operative Societies. It was hoped that the Dharwar Conference would be the precursor of Provincial Conferences at District centres. That hope was not realised for a long time. In fact, it took 25 years for the Provincial Conference to meet again at a place other than Bombay or Poona. In 1950, i.e., with a lapse of 25 years after the Dharwar Conference I have referred to above, the Provincial Conference met again at Dharwar and the fact that we are holding the very next Conference at Anand today may be taken to show the keen desire of the authorities of the Institute to hold the Provincial Conference at regional and district centres rather than at the two capitals of the State as before.

The choice of Anand is indicated not merely on account of the fact that it is a growing town in Gujarat. Anand is an important place in Kaira District and known for the excellent table-butter it supplies to Bombay. Recently, there has been a great development of the dairy industry at Anand on co-operative lines, and the milk union and village milk centres which the delegates will be visiting during their stay for the Conference, will, I am sure, enable them to see for themselves the great achievements of the co-operative workers of Anand in the dairy industry. Anand has also developed as a great educational centre and the Vallabh Vidyanagar where we are meeting bids fair to develop into a university centre located right in the countryside. We have also here the Anand Agricultural Institute. Only two years back a training centre for rural workers was opened at Anand under the auspices of the Ford Foundation.

As in the past, at this Conference we have selected only a few subjects of topical and State-wide importance for discussion. The pride of place among the subjects, of course, belongs to the First Five-Year Plan prepared by the Planning Commission. A few co-operators have written interesting papers on the subject which will enable us to deal with it properly in the subjects committee. We shall look forward, eagerly, to the lead in this matter of the duties which lie before us in implementing the Five-Year Plan that I am sure we shall receive from the President-elect who is one of the principal architects of the Plan.

For a good few years the question of Co-operative Societies and their liability to taxation of incomes has been agitating co-operative workers. We have selected that subject for discussion at the Conference. Naturally we as co-operators will ask for some reliefs, and we look up to you, Mr. President, as a Union Minister to help us in getting us those reliefs. The subject of milk production and distribution through co-operative societies has been selected not merely as a compliment to our hosts at Anand who as I stated earlier have been doing excellent work in that direction but also because of the supreme importance of developing a

remunerative industry based on and allied to agriculture and, simultaneously of ensuring supply of unadulterated milk to our towns and cities. In dealing with the question we have to be as mindful of the interest of producers as of that of consumers and we want both these interests to be harmonized through co-operative agency. The other two subjects are tagavi advances and co-operative trading under de-controlled economy.

Women's Section

As you all know the co-operative movement is all embracing. It has no frontiers. It makes no distinctions of class, creed and sex. Women are eligible for the membership of co-operative societies and some women have taken and are taking a prominent part in the co-operative movement in Bombay State. It is felt, however, that their contribution to the movement is not commensurate with their importance in the public life of our country. I may go further and say that the success of the co-operative movement will to a great extent depend on the part women play in the organisation and working of our co-operative societies. In fact there are some branches of the movement where their participation is absolutely necessary. The British Co-operative Movement originated with the Rochdale pioneers but its phenomenal growth is due in a large measure to the women consumers. The progress of consumers' movement in England is a story of the woman with the basket. In order, therefore, to interest women in the co-operative activities, a special section called the women's section was organised at the Bombay Provincial Co-operative Conference held in Bombay in 1948. It was not possible to organise a similar section at the next conference we held at Dharwar. I am glad to note, however, that with the help of co-operative workers in Gujarat, it has been possible to organise a women's section at this Conference. On behalf of the Conference, I tender my greteful thanks to Smt. Sarladevi Ambalal Sarabhai for having acceded to our request to preside over the women's section. I am sure under her able leadership the women's section will have fruitful deliberations leading to greater participation of women in the co-operative movement not only in Gujarat but in the entire State of Bombay.

Recent Co-operative Developments

Since we met last in November 1950, the movement has been progressing in all sectors. This progress is commensurate with the progress the movement has been making since 1946, when a popular ministry took office. I shall invite your particular attention to the striking developments recorded in some fields of co-operative activities. Let me refer briefly to a few of these. As on 30th June 1951 the number of co-operative farming societies went to 224 with a membership of 5,994 and area of 62,237 acres included in the farms. It is estimated that there would be about 15 per cent increase in production. A number of farming societies continued to receive Government assistance for various purposes, the amount of such assistance by way of loans being Rs. 1,67,545 and by way of subsidies

Rs. 1,37,804. A total area of 2,100 acres of land was brought under irrigation with Government assistance amounting to over Rs. 4 lakhs.

The scheme of the Co-operative Department for organisation of Lift Irrigation Societies continued to make satisfactory progress under the stimulus of financial assistance from Government. There was an overall progress, both in the number of new societies and in the matter of execution of a large number of schemes. The number of such societies rose from 163 to 225 during these two years. The total area of land brought under irrigation was 54,241 acres giving 14,384 members facilities of irrigation. Some of these societies received loans amounting in all to nearly Rs. 11.15 lakhs and subsidies amounting to Rs. 11.48 lakhs. During the year ending 30th June 1952, 29 societies completed their works bringing in addition the area of 4,048 acres under actual command of irrigation.

The Dharwar Conference passed a resolution requesting Government to start a co-operative housing finance corporation with a view to make available necessary capital to co-operative housing societies. In response to that resolution and to meet the urgent needs of co-operative societies who were finding it difficult to put through their construction programme, the Bombay Co-operative Housing Finance Society was registered in June last with an authorised share capital of Rs. 1 crore. Government has agreed to subscribe to the share capital of the society an amount equal to the amount collected by the society subject to a maximum of Rs. 50 lakhs and further to guarantee the principal of and interest on mortgage debentures to be issued by the Society. I have every hope that the Housing Finance Society will enable the housing societies to find the necessary funds and be helpful to a certain extent in the solution of our housing problem which in all conscience is very acute indeed.

The Institute

There have been some changes in the constitution of the Institute since we met last. The District Boards of Supervising Unions were not considered satisfactory as agents of the Institute for its work of co-operative education and propaganda in the districts. Besides, according to the constitution of the Boards, only supervising unions and non-credit societies could become members of the Boards. A large number of primary agricultural societies could not become members of the Boards. Experience of the last few years led irresistably to the conclusion that if the District Boards were to function as live bodies, they must be representative of the co-operative movement in the district. Steps were taken therefore, to convert the District Boards of Supervising Unions into District Co-operative Boards. Membership of the Boards was thrown open to all co-operative societies in the district. Unfortunately the Boards have not been very active in this regard and in several districts no special steps seem to have been taken to increase the membership. I hope, however, that before long the Boards will realise their responsibility and see to it that they enroll all societies in the district as their members.

To co-ordinate the activities of the District Co-operative Boards, Divisional Co-operative Boards were established for the three linguistic divisions of Gujarat, Maharashtra and Karnatak. The first managing committee meetings of the Boards took place about a year back and since then they are carrying out their normal activities. The conduct of the regional journals and the administration of the co-operative schools have been handed over to the Divisional Co-operative Boards.

Reserve Bank of India and Co-operative Training

In December 1951 the Chief Officer of the Agricultural Credit Department of the Reserve Bank of India wrote to the Bombay Provincial Co-operative Institute stating that the question of evolving the scheme for training of departmental officers and non-official employees on an all-India basis had been engaging the attention of the Reserve Bank of India. After having examined the nature of training and other facilities in various States of India, the Reserve Bank of India found that the Co-operative Training College at poona, organised and run by the Bombay Provincial Co-operative Institute held almost a unique position in India with regard to the facilities it offered for training, the staff that it had been able to obtain for the purpose of teaching and the traditions that it had built up in the course of a few years. The Reserve Bank of India in its scheme proposed two courses, viz. (1) Short-term course of 6 months for training higher officers of Co-operative Department and executives of apex banks of the State and other important institutions, and (2) long-term course of one year corresponding to the present course at the College for training of the lower rungs of the ladder. The Institute generally agreed with the proposals of the Reserve Bank of India subject to the proviso that the expenses in respect of all steps taken in pursuance of the above scheme will be met out of funds derived from or through the Reserve Bank of India. The scheme for the short-term course of six months prepared by the Bombay Provincial Co-operative Institute and approved and financed by the Reserve Bank of India was taken up without delay at the Co-operative Training College, Poona. The inaugural ceremony was performed by Shri Rama Rau, Governor, Reserve Bank of India, on the 5th April 1952. For the long-term course the ordinary course of the college, extending over one year inclusive of practical training has been considered suitable and 30 seats are reserved at the College for trainees from different States other than Bombay State.

Co-operative Education Fund

As empowered under Section 39-A of the Bombay Co-operative Societies Act, the Government of Bombay promulgated in 1948 Rule 26-A prescribing the scale of contribution by co-operative societies to the Education Fund of the Institute. The provisions of this Rule have been brought to the notice of all co-operative societies in the State through circulars issued by the Institute. The Registrar, C. S., has also been kind enough to issue a circular in this respect. The District Co-operative Boards can be the most effective agency for collection of the Education Fund. Under the revised bye-laws of the Institute, the District Co-operative Boards get 50 per cent of the contribution from the societies to the Education Fund, the Divisional Co-operative Boards 25 per cent and the Institute 25 per cent. The District Co-operative Boards have been authorised by the Institute to collect the Education Fund from the societies on behalf of the Institute. Last year the total collection came to Rs. 61,631. This, I am afraid, is much less than what would have been the collection if contributions from all societies had been received. This year also the collection for the nine months ending 31st March 1958 is about Rs. 60,000 only. I hope the District Co-operative Boards will be more alert and see that they recover the contribution to the Education Fund from all societies which are liable to pay it under the Act.

Draft Outline of the Plan

To co-operators it is indeed a matter of satisfaction that the Five-Year Plan in its final form represents a material change in the Commission's outlook on the place of Co-operation in national planning. We have placed the subject for discussion at this Conference and some of our valued colleagues have been kind enough to write notes on the subject. I hope the subject will receive the serious consideration it deserves at the meetings of the subjects committee and at the Conference. These discussions will have, I believe, a direct bearing on our programme of work.

As you are aware, five Centres in this State have been selected under the scheme of community development projects. Co-operators have so far not been associated with the working of the projects at State level though such association does obtain at district levels. I need hardly assure the authorities that co-operators and their organisations in the State will give all the help that may be asked of them in the working of the projects. In fact, we would wish our agency to be utilized more widely than is the case at present.

We have been very fortunate in inducing Shri Gulzarilal Nanda to preside at this Conference. As Vice-Chairman of the Planning Commission he has been mainly instrumental in giving shape to the social policy that underlies the Five-Year Plan. As Minister of Planning he is anxious to secure the widest measure of understanding and support for the Plan. Shri Nanda's interest in Co-operation, I may mention, does not date from the time he joined the Planning Commission. He is widely known not only in the State but the country as a whole and even internationally as a distinguished worker in the Trade Union movement. He is one of the few trade union leaders in our country who look on co-operation also as a social force and, therefore, an ally of all movements for the welfare of the community. It is very kind of him to have spared the time, in the midst of his present activities, for our Conference. I offer him a hearty welcome.

I am also very grateful to Shri Morarji Desai, our Chief Minister, for agreeing to inaugurate the Conference. Shri Morarji Desai was Minister for Co-operation in the first Congress Ministry of 1937–38. It may not be common knowledge but it is a fact which I can vouchsafe that even prior to that he evinced great interest in the co-operative movement even as a District Officer. His presence here is a great encouragement to us. I shall now request him to inaugurate the Conference.

Extracts from the Inaugural Address of Shri Morarji Desai, Chief Minister, Bombay State.

I am glad that this time the Conference which used to meet formerly only in big towns like Bombay and Poona is meeting in a village. Seeing the huge audience, three or four times the size one usually sees in towns, it strikes me that if such sessions are held in villages, they would instil co-operative ideas among more people and will create in them enthusiasm for the co-operative movement.

A large section of our people live in villages. We must also, therefore, turn our eyes there. You all know that a co-operative commonwealth is the ideal of the Congress. A large section of the people also follow the same ideal. There is the communist method for economic change, but it is based on compulsion and not persuasion. No plan or method which does not offer free scope for the development of human personality would really solve the problems of mankind.

The co-operative movement is not for self-aggrandisement but for the good of all. When we set aside thoughts of self and follow the good of other people and consider that our happiness lies in the happiness of our fellow beings, then only we reach the high stature of human beings. There is no other way of reaching this goal than the co-operative movement. When the co operative movement is run on these lines, then only it will make real progress. The people will run their movement on their own strength. When this happens there will be no need for Government controls. If people control themselves then there is no need for Government control and the co-operative movement will develop on sound lines.

The co-operative movement in our country is run on different lines than in other countries. If you look at the example of Denmark, you will find that people have developed the movement on their own strength. In our country, the State encourages the movement and also controls it. The controls are now being gradually relaxed. That the movement should need Government control is a weakness of the co-operative movement. It is necessary to encourage co-operation in order to strengthen democracy, but the people themselves must understand the principles of the movement. If the co-operative societies become efficient and strong, the people would benefit greatly. I cannot say that there is anything wrong with the co-operative movement in our State. Therefore there is no need for Government control and if the controls are to be relaxed, they can be relaxed gradually. Today, looking to the great expansion of the co-operative movement in our State, the question arises as to whether we have sufficient workers for conducting these activities. It is as necessary to expand the movement as it is to see that the existing societies work on sound and efficient lines. For this purpose the workers should keep a high ideal before themselves and should give proper training and encouragement to the new-comers.

The fruitfulness of the co-operative movement depends on the way in which the officers of the societies run them. There should be no place in this movement for party spirit. The movement will prosper only if the workers keep away from strife and look to the good of others rather than of themselves. There is no place, of course, for strife and hatred in co-operation. Party faction in the working of societies not only weakens the societies themselves but also has its repercussions on the movement itself. People indulging in such activities should be eliminated from co-operative societies. Workers in the movement should try to enlist the co-operation of the people. It is the privilege of everybody to offer his help for the furtherance of the movement, but destructive elements have to be kept away.

The co-operative movement must keep itself aloof from politics. The movement would be digging its own grave if it aligned itself with any political party. Co-operative societies should not become handmaids of particular parties or individuals but should work for the good of the people and thus enlist their co-operation.

Co-operation means doing good to others and not self-aggrandisement. The movement would thrive only if the workers were satisfied with little good to themselves and aimed at the greater good of others.

Extracts from the Presidential Address of Shri Gulzarilal Nanda

I feel greatly honoured at being invited to preside at the 21st session of the Bombay Co-operative Conference, and I welcome the opportunity which it affords me of meeting and discussing common problems with leaders of the co-operative movement in Bombay. I hope that by getting to know something of your thinking and experience I shall gain a clearer view of how we can go forward in our work. Naturally, my own approach towards co-operation is based on the part which the movement can play in carrying out the National Plan.

When we think of national planning what we have mainly in mind is the kind of social order which it is intended to establish. In preparing a plan of development, almost the first question that arises concerns the ends of planning and the means which are to be adopted. To some extent our Five-Year Plan attempts to answer these basic questions. The Plan sets in motion a process of social and economic transformation whose purpose it is to create a society in which wealth and opportunity are widely shared and whose values are those of a co-operative commonwealth. In the organisation

of economic activity, as the Plan proceeds, the role of the public sector and of the co-operative sector will increase in the measure in which the State and the co-operative movement are able to assume and discharge new responsibilities.

There is no sector of national development in which the door is not now wide open for a rapid expansion of co-operative activity or, in which, under the Plan, substantial financial, technical and other assistance cannot be made available on behalf of the Central and State Governments to genuine co-operative organisations. The principle of co-operation comes to the fore at every point at which economic development impinges directly upon the life of the people and can, in turn, draw strength and vitality from them. The public and the co-operative sectors have a common aim, namely, to ensure that the objectives of national development as well as the agencies through which development is undertaken subserve the interest of the community as a whole. For democratic living it is essential that social and economic disparities should be practically eliminated. If the community is to continue to grow from within, it is no less vital that the principle of co-operative organisation should have a central place in our national reconstruction.

In a large measure this aim has guided the Planning Commission in formulating the Five-Year Plan. The Plan regards the co-operative form of organisation as an indispensable instrument of planned economic action in a democracy. It recognises that the future progress of the country depends largely on the successful development of the co-operative movement. In the Plan, therefore, special provision has been made for financial assistance to agriculturists through co-operatives, for co-operative training and experiments and, wherever possible, for promoting the organisation of various activities along co-operative lines.

The success of co-operation depends not only on finance and personnel, but even more on the minds and will of the people at large and on the diffusion throughout the body politic of the co-operative philosophy. Co-operation is an essential element in an ideology which is distinct, on the one hand, from the unrestricted individualism which leads to capitalism and, on the other, from the tyranny which flows from the doctrine of the omnipotent State. It provides the pattern on which we seek to remodel our ancient village life and to fashion our modern urban centres. Years of earnest and devoted labour will be needed before the goal of the co-operative society can be even substantially realised. For, the tasks before the co-operative movement in the coming years are of stupendous dimensions. Perhaps the most significant of these concerns the role of the movement in the reconstruction of rural life. The replacement of the landlord, the conferment of security and status upon the tiller and the elimination of every vestige of exploitation and unfair dealing are accepted State policies. These policies cannot be fully translated into action without the development of co-operative communities, i.e. without reorganising the social and economic life in the village on a co-operative basis. Unless the resources of each local community are utilised and developed in terms of the needs of all sections of the community, there can be no true equality of opportunity for those who have for ages past remained dispossessed and disabled. We have to remember that there lurks in our villages the prospect of a deep social conflict, not merely between large owners and small owners and tenants, but also between owners on the one hand and the landless on the other.

There are many impelling circumstances around us today, which it is hardly necessary for me to describe on this occasion, why, with all the speed of which we are capable, we have to bring a new society into existence to take the place of the old. To the extent we are able to achieve this object, it will be possible to develop agriculture and other occupations so as to afford employment and social amenities to every section in the village community. This is one of the major conditions for meeting the obligations of full employment and equal opportunity, which after all are important tests which our social and economic system must increasingly satisfy. This consideration governs the various proposals that have been made in the Five-Year Plan for the development, for instance, of co-operative farming, co-operative village management, village labour co-operatives, landless workers' colonies, industrial co-operative societies, and so on. The rural extension services which are to be established over a third of the country during the period of the present Plan provide the agency through which the State can assist the rural people in reorganising their social and economic life in a co-operative mould. Community projects too should be viewed as a method of integrated development, the essence of which consists in the growth of co-operative institutions and of that quality of self-help and self-reliance which alone can ensure continuity of endeavour.

With this background you can appreciate that it gave me special pleasure to accept your invitation to be present at a conference of co-operators of a State which stands in the forefront of co-operative progress in India. If, in considering various aspects of co-operative development, I draw largely upon the record of the movement in this State, it is mainly because in so many ways the rest of the country looks to and will welcome the lead which you may give. Fortunately, your Government has always taken a genuine and sympathetic interest in the success of the movement, and I have no doubt this has been a significant factor in the progress which you have achieved.

In Bombay the co-operative form of organisation has already spread into many fields. In the sphere of agriculture, for instance, the 10,000 agricultural credit societies in your State advanced loans of about Rs. 8 crores to 8 lakh members last year. Four years earlier there were only 5 lakh members and Rs. 3.8 crores were advanced to them. Even allowing for the fact that some of the increase is due to the merging of other areas in Bombay State, the achievement is undoubtedly creditable. There exists of course scope for much greater expansion. There are many deserving creditworthy or potentially creditworthy cultivators who, at present, borrow from sources which are both expensive and inconvenient, and who should be brought into co-operative societies. I would like to suggest that, if possible, a plan for co-operative development should be prepared for every district and that the district co-operative leaders and the staff of the co-operative societies and co-operative department should aim at realising specific targets so that over a period every individual family may be brought within the scope of the co-operative movement.

It is, however, not enough to expand the membership of the co-operative movement. What is equally necessary is that to an increasing extent the movement should derive its resources from the local communities. The fact that out of the 8 crores advanced by societies last year in this State nearly three-fourths came from central financing agencies which, in turn, drew funds from the State Apex Bank and the Reserve Bank reminds us of the importance of the consideration. I would suggest that this dependence on outside resources should be reduced and the effort should be to build up the funds of the societies themselves. In working out district plans for co-operative development, it might be possible to fix targets for local deposits.

The needs of the cultivator are many and we have to admit that if we could meet them in a larger measure than we have done so far, our food problem would be nearer solution. Besides short-term loans required for raising their crops, the cultivators also need long-term accommodation for making permanent improvements. In providing long-term co-operative credit facilities Bombay ranks next only to Madras and during 1951-52 about Rs. 19 lakhs were loaned to 920 applicants. This would mean however that on an average only 33 persons in a district obtained a long-term loan. Now that both the Reserve Bank and the Government of India are making more funds available for long-term loans, I am sure that in this State it will be possible to make advances to a much larger number of persons for really useful and productive purposes.

An important field of development to which special significance has been attached in the Plan concerns co-operative farming. In most parts of the country an increase in the unit of cultivation is necessary, if full advantage is to be taken of scientific knowledge and modern methods of agriculture and this can only be achieved by individual owners getting together to cultivate their holdings jointly on a co-operative basis. Bombay State has taken the initiative in this respect and began organising co-operative farming societies 4 or 5 years ago. It is encouraging to learn that over 200 such societies covering an area of more than 40,000 acres have been established so far. The results achieved here will help work elsewhere, and one of the tasks of the land reforms organisation which the Central Government are shortly setting up under the Planning Commission will be to arrange for an assessment of the experience which has been gained in different parts of the country.

In connection with co-operation in the rural area there are two points of a general nature which I should like briefly to mention. The first is,—and I have no doubt you have already got it in mind—that full advantage should be taken of the community projects to develop and expand co-operative organisations in those areas. It should be our aim to bring every family in these areas into some co-operative society and if there exist factors which make this impossible, then these should be carefully studied and analysed. Secondly, there is the question of the regulation of *taccavi* advances in villages which are served by co-operative societies. If the State continues to offer *taccavi* loans in areas where co-operative societies are functioning efficiently, there is a real risk of overlapping and waste of resources. It seems to me therefore that we ought seriously to consider whether *taccavi* loans should not be channelled as far as possible through co-operative societies.

For many years co-operative workers have debated the possibilities of their movement outside the sphere of agriculture. Some advance has no doubt been made. There are, for instance, several successful cotton sale societies in Bombay and elsewhere. Yet, we may ask ourselves whether the movement has yet begun to make an impression in the trading and industrial sectors. In several ways it has now become a matter of general importance that the scope of co-operative marketing societies should be rapidly extended. There are various ways in which this might be done. In some cases, it might be advisable that they should not confine themselves exclusively to the marketing of a single commodity, but should also organise the marketing of other crops which are grown in rotation with cotton or side by side with it. In others, it might be possible for them to undertake, in addition to marketing, the processing of agricultural products. The results achieved by the Bagaitdar Co-operative Sugar Producers' Society, which is operating a sugar mill of its own, affords an example which may be worth following. Finally, marketing co-operatives could be utilised extensively for supplying to cultivators, fertilisers, seeds and improved implements.

There is an intimate connection between the growth of co-operative marketing, of consumers' co-operation and of industrial co-operatives. The imposition of controls over a number of essential articles gave a considerable impetus throughout the country to co-operative trading and more particularly to the formation of consumers' stores. Bombay State was no exception. Co-operative stores, while dealing in controlled articles, might have built up lasting business and membership by handling uncontrolled commodities as well. But this did not happen. The consumers' movement is still restricted to meeting the requirements in some areas of fixed-income earners belonging to the middle classes. It is extremely desirable that its scope should be extended to workers in industrial areas. A positive programme of building up consumers' co-operatives with the help of trade unions or employees' associations is called for. Further, the addition of a savings section in every consumers' co-operative could be of great advantage. The promotion of thrift among their members should be considered an important function of all co-operative societies and especially of consumers' co-operatives.

The development of the urban co-operative movement on the lines which I have suggested should be of considerable value for the success of cottage and small-scale industries which are seriously handicapped for want of assured markets. If cottage industries are to expand and provide increasing employment to artisans in rural areas, it is essential to establish a close link between them and the urban consumers. This can be achieved through the co-operative movement by fostering consumers' co-operatives which will have an organic connection with producers' co-operatives.

Another direction in which the possibilities of the co-operative movement are only now beginning to be realised is the provision of housing, especially in urban areas. Co-operative housing societies can contribute a great deal to alleviating the growing shortage of accommodation in the towns. In the Plan considerable emphasis has been placed on them because they can not only mobilise private capital to the advantage of the community, but also because they open the way for aided self-help in the construction of houses. The Plan provides for the grant of subsidies and loans to co-operative housing societies of industrial workers. This assistance should prove helpful in a State like yours where much solid work has already been done and the Government has come forward to take its share of responsibility in providing houses for all.

I have referred to some of the forms of co-operative activity in your State and I have tried to suggest various ways in which improvements can be made and further progress can be achieved. There are, I know, many other forms of co-operative activity in Bombay; for instance, there are industrial co-operatives, and fishermen's societies which have done valuable work, but have special problems of their own. The conditions of backward classes, and of forest and agricultural labourers can be improved considerably if they are organised into labour co-operatives and works which are at present entrusted to private contractors are executed through them. A beginning has already been made in Bombay State in the shape of forest labourers' co-operatives. This idea needs to be extended to other spheres. It should, for instance, be possible to re-orientate the policy of the Public Works, Irrigation and other departments which spend large sums departmentally so that in certain sections the execution of works through co-operatives should become the normal practice.

To some the co-operative way may seem far too slow in face of the fast-changing world in which we live, in which numerous old values and institutions crumble each day before our very eyes. I believe that although the co-operative movement has a history of 50 years or more, co-operation as a principle of nation-building, as part of a national plan of development, has scarcely been given a trial. If we have faith in our principles and are determined to overcome obstacles, I have no doubt that our objectives can be realised best and rapidly enough through the medium of co-operative effort. How rapid our progress will be will depend upon the quality of the effort we make and the character of the personnel, official and non-official, who carry on the day-to-day work of the movement. Whatever holds back the movement should be carefully considered by us and new sanctions should be forged wherever necessary. The co-operative movement needs men of high purpose to whom co-operation is a faith and a method for reconstructing the life of our people. I feel sure that the work of the Conference will inspire us to greater effort and I trust that our discussions here will prepare us for the great tasks of building a new India.

Women's Section

The session of the Women's Section of the Conference was held in the afternoon under the presidentship of Shrimati Saraladevi Ambalal Sarabhai.

Extracts from the Address of Shrimati Saraladevi Ambalal Sarabhai, President, Women's Section

When I received the invitation for the chair, I wondered to myself whether it was necessary to have a separate section for our sisters. Cannot these problems be discussed in a joint Conference? But on reconsideration of the matter, I felt that in the present social set-up, women would be able to discuss more fully these economic problems in a separate section than in a joint Conference. It is well that this practice has been continued since its inception in 1948.

Practically every speaker in the Conference has emphasized the role of co-operation in life. Entire life—both individual and social—has been able to evolve only on account of mutual co-operation. Only organised co-operation has made possible growth of our civilisation. Without co-operative effort, all group life would be impossible and individual life defective. But if we consider how much we try to solve our problems at the moment by well co-ordinated co-operative activities, we sadly realise that there is considerable indifference and ignorance in us. It appears that we have not yet fully realised the potentialities of co-operative efforts in solving the manifold problems of life. The Government has been conducting the Co-operative Department for the last many years. Mahatma Gandhi has also incorporated co-operative work in constructive programme which he has given to the nation. Decentralisation of industries is his answer to the very primary need of feeding and clothing the millions of our country. To build up a Co-operative Commonwealth is the goal of our Constitution and, as you know, it is impossible to realise it without organised co-operative efforts.

Poverty, unemployment, ignorance and disease seem to have settled down in our country. We all know full well what a tremendous economic pressure our middle class people are today experiencing. It is possible to alleviate our economic difficulties on a basis of co-operative efforts. We can do two things, (1) to produce useful things at home and have them put to the market through some co-operative society and (2) to buy all things we need from some consumers' co-operative store of which we are members. In rural areas, it seems women already devote their spare time wherever possible to producing things out of raw materials locally available. But their difficulty is to find a market for their goods. This could, of course, be done through co-operative societies. But women in urban areas are today passing through a crisis. They find it difficult to hold on to life with the meagre family income. They do not know how to supplement it. Whenever I have an occasion to meet such women they ask me how they could help their families. They want work which could add even a little to the income of the family. To meet such a demand, some of our sisters try to produce things of daily use on a co-operative basis. They try to produce masalas, achars, papadas, vadis, sev, leather bags, articles of embroidery, etc. Still however they do not get work enough to keep them occupied during their spare time. They have again to compete with goods made on a mass scale, and so to find a suitable market is their constant anxiety. Their finish and packing would not quite appeal to people used to attractive and polished exteriors. In prices also there would be a keen competition. The position could be improved only if our sisters learn to produce things with the skill of professionals. Our national economy should also make a rapid move towards a planned decentralisation and try to introduce and popularise more cottage industries. It seems in this matter we can learn a lot from Japan.

There is yet another way of utilising co-operative efforts for our common good. Consumers' Co-operative Stores might be formed; these stores might buy from the wholesale market things of daily use and the associate members might make it a point of purchasing whatever they need only from their own stores. Our sisters could make such a movement a tremendous success, because we women are the greatest buyers and if we decide to buy only from our own co-operative stores, the profits would ultimately come to us. Of course the things would be sold at the market rate, for if they were sold cheap the profiteers would buy them outright and sell them at a higher price again in the market. So the market rates should prevail. But at the end of the year, the profits could be distributed to the associate members. And at the time of making purchases a small rebate could also be given to members. Such a practice of purchasing all necessaries of life from our own stores would certainly give appreciable relief from economic pressure but there is one difficulty in the way of its success. No Consumers' Co-operative Stores would be able to stock all sorts of varieties and so members with fastidious tastes might not be satisfied with the available varieties. But if one cultivates loyalty to one's own stores and would be prepared to carry on with whatever varieties are available, the stores would undoubtedly be a full success. The English women are well-known for their singular loyalty to their own respective store. For this very reason Consumers' Stores have been most successful in England. Let our sisters imitate this great quality of the English women. That would ensure us not only economic gain but some cultural gain also. For co-operative spirit besides being means to economic end is an attitude to life. Thus individuals and groups which cultivate such attitude manifest in their life great vigour and vitality. Members of a family remained well knit by such a spirit. It used to sustain them in weal and woe. It gave them a sense of security and mitigated poverty. They could restrain personal interest and greed by keeping in centre the good and honour of the whole family. Each woman had in her very home a co-operative society of not only her husband and children but in-laws and cousins also. But the system broke down as personal interest and love of comfort began to make inroads on the co-operative joint family ideal. An inter-dependent and cohesive family I am speaking of is hardly to be met with anywhere now. I do not mean to suggest that the joint family system was good in every respect. But I do want you all to appreciate the spirit of co-operation which was the very foundation of the joint family.

It would certainly be a great thing if we could avoid the defects of that system and reinstate its ideal in our family life. Thereby a sense of security would be assured to all the members of the family. Just as the present-day co-operative economy struggles for assertion from the grip of capitalistic economy by way of decentralisation, so also we must decentralise our individual freedom and bring it up in harmony with the common good of the whole family. I again say co-operation is an attitude towards life; it is not merely means to economic ends. I do hope we all who have gathered here shall try to assimilate this great truth in our personal life.

Let me now touch upon another important point. For the guidance of the Kasturba Gandhi National Memorial Trust, Gandhiji has distinctly laid it down that the activities of the Trust should be conducted by women alone. For organisational work assistance of men might be taken, but the real work to be done in the village centres should be the responsibility of women alone. He meant that women should themselves undertake all work necessary for their own development. They should be self-reliant in this respect and not depend on their men-folk. There is a great spiritual truth in what he says. Without being discouraged by our lack of experience we have got to face the situation in a spirit of determination and courage. Nor should we be held back by false notions of respectability. This means we have first to revolutionise our notion of values.

It demands a radical change in our outlook. To effect such a change is not the function of a Co-operative Conference like this. It is the function of education itself. However, the Conference should try to do whatever it can towards this end. A lot of propaganda needs to be done in order to popularise among our sisters the role of co-operative efforts. But Government alone cannot achieve this. We people owe a duty to ourselves in

this respect. We can seek guidance and help from the Government. It is upto us, the women, to try to make the movement a success. In order to achieve the objective of a Welfare State we cannot but help moving fast towards a decentralised economy. If each of us does one's bit with a sense of responsibility, it will certainly be a help to the realisation of Sarvodaya Samaj, which the Father of our Nation has given us as a great aspiration.

Resolutions

The following are among the resolutions passed at the Conference:

1. Co-operation and Planning

The Conference heartily welcomes the acceptance by the Planning Commission of the place of Co-operation in national planning, and expresses general agreement with the various methods that have been indicated with a view to making the principle of Co-operation operative in various sectors of our social and economic life. In order that the measures that are outlined may become fully effective and can exercise wholesome influence over the lives of large numbers of the people, the Conference desires to point out the modifications and amplifications that are called for in the Plan and requests the Government of Bombay to accord full consideration to these proposals and, wherever necessary, to bring them to the notice of the Planning Commission and other authorities.

(1) When legislation is enacted affecting such aspects of the social and economic life of the people as are covered by the Plan, Government are requested to ensure that it has no adverse influence on the working out of the Plan.

(2) The Plan for the State as a whole should be presented to the people especially in rural areas in a simplified form, and a break-up on a functional and territorial basis, that is, according to the heads of expenditure and to the districts should be prepared without delay. Officers in charge of districts and of the various administrative departments should make this information easily available. The Conference calls upon the Bombay Provincial Co-operative Institute to give publicity to these detailed plans and to educate public opinion about them through its divisional and district boards.

(3) If Co-operation is to serve as an instrument of social policy, it is essential that the large numbers of the population who are being enrolled as members of co-operative societies should be made conversant with the principles and practice of co-operation and the Conference requests the Institute to draw up a suitable programme of co-operative education for the purpose.

(4) 'The Conference notes with satisfaction the emphasis which the Commission has laid on every department of Government and every Ministry at the Centre, adopting the policy of fostering co-operative methods of business and following the practice of building up co-operatives, which may replace various types of contractors or middlemen. To make the

policy effective, it is necessary that administrative officers of all grades should appreciate the significance of this departure and should have the opportunity of getting acquainted with the principles underlying the co-operative movement and its methods of working. Government may examine whether any arrangements for training in Co-operation are necessary to achieve the desired object.

(5) (i) The Conference finds that according to the provisional estimates framed regarding the requirements for short-term finance in the State, the aggregate amount for which provision has been made in the Plan may prove inadequate even for credit-worthy members of co-operative societies and that the problem of financing agriculturists other than these connot be met unless the figure is raised. Besides, the Conference would invite attention to the difficulties attendant on the operation of the system of crop finance owing to the recurrence of famine or scarcity conditions, of which the relevant provisions of the Reserve Bank of India Act take no cognizance. Similarly, the provision for medium and long term credit may also need to be amplified.

(ii) The Conference is also of the opinion that provision of finance in cases of famine and distress which is in the nature of relief; and financing of agriculture in chronically depressed areas and of specially distressed persons should be the responsibility of State Government.

(6) While appreciating the attitude taken up by the Commission on the subject of installing of plants for the processing of agricultural products by private agency, the Conference is of opinion that the measures proposed may not be adequate, and it would recommend that a ban should be put on the establishment of plants, which are likely to cause unemployment in rural area. The Conference also recommends that in co-operatively developed areas, arrangements should be devised for the State to take over, on payment of suitable compensation, processing plants run by private agency and to transfer such plants to co-operative societies comprising of the primary producers concerned. In backward areas, if it is deemed necessary to take similar action in the interests of the backward class agricultural population, the initial capital may have to be provided by Government and the personnel for management appointed by them.

(7) The development of co-operative supply and marketing is, in the opinion of the Conference, extremely helpful in changing a system of deficit farming into a balanced economy and the Conference would emphasize the importance of linking the three functions of credit, supply and marketing. Co-operative marketing societies may be afforded facilities by Government in respect of transport by rail or road and also in order to equip themselves with proper warehousing accommodation.

(8) In view of the large number of co-operative farming societies started in Bombay State, the time has come, the Conference holds, to get full information about their structure and to examine their lines of working in order that the formulation of a suitable programme of development may be facilitated. The Conference is glad to note that the Bombay Provincial Co-operative Institute has already set up a Committee to collect the data and would request the Institute to complete the work at a very early date and to make the same available to the State Government, the Planning Commission and the public. In areas where an immediate formation of co-operative farming societies may not be feasible, farmers societies for simpler form of co-operation should be actively pursued.

(9) The Conference wishes to emphasize that the provision of finance for industrial co-operatives is as important a part of co-operative credit as finance for agriculture, and for this reason would recommend the extension of State-aid to industrial banks where they function as central financing agencies and suggests that provision for this form of aid should be included in the Plan.

(10) For the better functioning of both forms of co-operation—producers and consumers—the Conference would recommend closer co-ordination to be brought about between the two.

(11) Loans to co-operative societies for displaced persons, the Conference recommends, should be disbursed through the Co-operative Department, instead of through the Rehabilitation Department.

(12) The Conference emphasizes the necessity of having all economic activities in project areas conducted through co-operative agency, and of establishing new societies for the purpose where they do not exist.

(13) The formation of labour societies to undertake the work of construction in rural and urban areas and of public works, which has already been initiated in Bombay and in some areas of intensive development, should be further encouraged.

(14) The agency of housing societies rather than that of State-appointed Boards, should wherever possible be used for giving effect to plans of housing development.

(15) The Bombay Co-operative Council should, through a special Sub-Committee, keep in constant touch with the operation of the National Plan, in so far as it affects the prospects and working of co-operatives in the State. For this purpose, the Sub-Committee may co-opt members and take concrete steps to frame plans of co-operative development and arrange for their being implemented through the Provincial Co-operative Institute and its regional and district boards.

2. Co-operative Trading—Rural and Urban—under a Decontrolled Economy

In view of the growing importance of co-operative trading and the co-operative consumers' movement in the economic reconstruction of the country under the Five-Year Plan, and in view of the Government policy of gradual decontrol of foodgrains and other commodities, it has become imperative to examine the various difficulties which are being or likely to be experienced by co-operative institutions engaged in co-operative trading and to suggest measures for their consolidation and reorganisation. This Conference recommends that Bombay Provincial Co-operative Institute be moved to appoint the following Committee :—

(1) Dr. T. G. Shirname (Chairman).	(7) Shri D. V. Potdar
(2) Prof. N. M. Shah.	(8) Smt. Lilavati Banker
(3) „ M. R. Palande.	(9) Shri G. G. Morarji
(4) „ B. S. Bhir	(10) „ K. G. Prabhu
(5) Shri P. B. Ugargol.	(11) „ V. D. Karkhanis
(6) „ R. T. Popawala	(12) „ K. T. Mantri (Member Secretary).

The Committee, among other things, will consider the following aspects of the problem while submitting its report :—

(1) Improvement in the efficiency and integrity in the management.

(2) Proper training of staff.

(3) Ensuring adequately large volume of turnover with a view to reduce cost per unit of operation to enable the co-operatives to compete successfully with the private sector of the trade.

(4) To examine the nature of the set-up regarding primary and federal trading units.

(5) Enlisting the active support of women as members and as participants in the management.

(6) Steps to be taken to develop processing, grading and packing to facilitate inter-State trade and foreign trade under facilities of export and import concessions to be granted under preference to co-operative institutions.

(7) Measures necessary for raising of local finance through setting up of a revolving fund by automatic collection of bonuses and dividends from persons taking advantage of the marketing facilities.

(8) Measures necessary for securing a proper link between co-operative marketing and co-operative credit.

(9) Granting preference to co-operative institutions by any public and semi-public bodies for purchases of various commodities.

(10) Lines of co-ordination between consumers' and producers' organisations.

(11) Any other measures necessary to secure an early development and progress of co-operative trading activity on sound and business-like lines.

The Committee should submit its report to the Bombay Provincial Co-operative Institute on or before 30th November 1953 for its implementation through proper channels.

3. Regulation of Tagavi Loans – Short-term and Long-term – in Villages served by Co-operative Societies

Whereas it is more appropriate consistently with the policy of Government that Co-operative Societies should be in an increasing measure utilised as an agency for development of rural economy, and whereas there are definite advantages in providing finance for agriculture through an unified credit agency avoiding overlapping, it is resolved that Government be requested to entrust the work of distribution of loans for productive purposes such as sinking and repairs of wells, purchasing pumps and oil engines and tractors, purchase of bullocks, etc., to co-operative societies, wherever they are efficiently functioning, and to place at the disposal of co-operative banks the necessary medium and long-term funds for this purpose at concessional rates of interest; and it is further resolved that Government may restrict direct financing to individual cultivators for short-term purposes such as purchase of seed, fodder and maintenance in case of widespread distress in areas affected by famine, floods, etc., in villages served by co-operative credit societies.

4. Co-operative Societies and their liability to taxation of income, etc.

(1) The Conference is of the opinion that assessment of co-operative societies all over India should be made on a uniform and equitable basis by Income-tax authorities so as to encourage co-operative form of organisations. In order to ensure this, procedure for ascertaining the taxable income of co-operative banks and resource societies should be explained in detail and laid down in the Income-tax Manual. In particular it is pointed out that although the general practice of the Income-tax Department is in favour of Co-operative Banks in respect of :

(i) Commission on Bills,

(ii) Interest earned on deposits kept with joint-stock banks with the Registrar's permission under Sec. 37 of the Bombay Co-operative Societies Act, 1925, and

(iii) Profit or loss on sale and/or purchase of securities by co-operative banks,

there have been divergent decisions by different Income-tax authorities which cause considerable harassment and loss to individual banks.

(2) The Conference is of the opinion that in the case of Co-operative Housing Societies, income derived by them by way of "so called rent" from houses should not be treated as profits or gains from the property assessable to income-tax under Sec. 9 of the Income-tax Act under the explanation to the Government of India Finance Department Notification No. 6, dated the 18th March 1939.

(3) The Conference is of the opinion that inasmuch as Co-operative Banks are required to maintain nearly 40 per cent of their working funds in gilt-edged securities, the meagre management expenses allowed for taxable income from securities are not adequate. The amount allowed for

management expenses should, therefore, be increased in relation to the total of such expenditure to the same proportion as the amount invested in gilt-edged securities bears to the working capital for the reason that the set-off allowed for interest paid on borrowed funds invested in securities does not include the cost of the raising of funds which are so invested in securities.

5. Organisation of Milk Production and Distribution through Co-operative Agency—Rural and Urban

This Conference recommends that Co-operative Milk Supply Schemes should be organised on the following basis:—

(1) Co-operative Milk Supply Unions should be in urban centres and co-operative feeder societies consisting of producers and agriculturists should be in the villages beyond 10 to 15 miles and the mode of organisational set-up should be on the same lines as in Anand and Surat Milk Union areas.

(2) Government should continue to extend loans and subsidies for purchase of trucks, milk appliances and also for providing free services of expert staff as was done in the case of 4 co-operative milk supply unions which were started under a special scheme.

(3) Government and the Municipality should assist the co-operative milk supply unions and the feeder societies by way of providing facilities of land for colonisation of producers, grazing area, etc., in the area of operation of the co-operative milk supply unions and the co-operative feeder societies.

(4) Wherever there are Government Milk Supply Schemes in operation it is suggested that the Bombay Provincial Co-operative Institute and the Agricultural and Co-operative Departments should jointly examine which of such schemes should be converted into co-operative milk schemes.

(5) As suggested under the Five-Year Plan, a Milk Board may be set-up in urban areas with a view to organise a Co-operative Milk Supply Scheme on the above lines so that it would be possible to extend Co-operative Milk Supply Schemes in a larger area in the Bombay State.

THE SECOND ORISSA STATE CO-OPERATIVE CONFERENCE

Held at Balasore on the 6th and 7th June, 1953.

Extracts from the Address of Welcome by Sri Ganes Prasad Mohapatra, Chairman of the Reception Committee.

Brother Co-operators,

I have the greatest pleasure in offering you all a hearty welcome to this ancient town of Balasore which has made a mark in the past in many epoch-making acts.

We are grateful to the Orissa Co-operative Union Ltd., for having accepted our invitation to hold the second session of the Conference at Balasore and for this I must convey my hearty thanks to its able Chairman, Sri S.C. Roy, our Ex-Registrar who like a very capable Captain steered the ship of co-operation over a perilous period when it was on the verge of sinking. Now, even after his retirement from Government service, inspite of his old age, he is still amongst us as our non-official leader to show us the right way of action. I, as a co-worker of his for the last quarter of a century, offer my heartiest greetings to him and I pray that he may live long in good health and spirit to show us the way for many years to come.

I am grateful to Dr. H. K. Mahatab, M.P. for his having consented to preside over the Conference. He is no doubt one of the ablest leaders and administrators and has done work of inestimable value in various fields of our national life, but apart from that, we greet him as one of the distinguished sons of the district of Balasore which is really proud of him. It is really our good fortune that he has been able to spare some time in the midst of his multifarious activities to preside and to give us his valuable advice.

It is needless to say that the co-operative movement in Orissa, specially in North Orissa, has passed through many vicissitudes and it is now in a convalescent stage, so to say, after a long and protracted illness. So this is the time when it requires the most nourishing diet and the most efficient nursing. It is no doubt gratifying to note that our State Government are rendering some help to the movement but we, co-operators, feel that the State help to the co-operative movement should be more munificent and more ungrudging in order to bring about a rapid healthy change. We hope and expect that our Government will not hesitate to render this help

It is no doubt a fact that the co-operative movement after resurrection has made some progress on the credit side but we realise that co-operative activity has been extended to the non-credit side in a very limited scale. Of the three types of credit facilities, short, medium and long-term, medium-term credit has been some-what neglected. The last Conference has requested the Reserve Bank of India to provide this type of credit to the agriculturists and artisans. It is highly desirable that this Conference should recognise this want of medium-term credit facilities and request the Reserve Bank of India in this behalf.

Our success in the co-operative field depends entirely on the degree of co-operative consciousness developed in the members and workers and this can be achieved only by education and propaganda. All attempts should be made in this direction. I feel proud to announce here that in this respect also Balasore has shown the way by organising through non-official efforts the first Co-operative and Grampanchayat Training Camp in the year 1951 giving training to 100 candidates and the second Co-perative Leadership Training Camp which has just concluded its session giving training to 50 candidates drawn from rural Orissa who are expected to display their Co-operative Leadership in the right manner when they go back to their respective localities.

The enforcement of the new Co-operative Act has been before the Government for some years. 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 make it applicable without any further delay.

Co-operative movement has a bright future before it and is sure to play an important part in the development of national life, as the ultimate aim of our country is co-operative commonwealth which can be established only if we strengthen our lease in the villages.

Extracts from
the Inaugural Address of Shri Dinabandhu Sahu,
Minister, Development (Co-operation).

Friends,

I thank you very much for having given me the privilege of inaugurating this conference where prominent co-operators of the State and outside have met. It is a great pleasure for me to associate myself with the wise deliberations under the able and practical guidance of Dr. Mahtab.

After the political independence was achieved, the leadership of the country sat down to plan our economic development, In the economic development, they have planned for a Co-operative Commonwealth, where co-operation plays a great part. After mature consideration, they have come to this conclusion that a society built on the co-operative basis gives the best solution to the problem of exploitation of the poor by the rich and helps to build up a lasting society.

The present situation of the country presents a great problem before the Co-operators to solve and a great task before them to undertake. We should realise our responsibility in the matter and should help in the overall development of our country and get the good results of the revolution that we had in our mind for which so many of us, including our President of the day, suffered.

Co-operative movement succeeds only where there is a society co-operative minded. In a capitalist society, the doctrine of *Laissez faire* plays a great part. The ideology in a capitalistic society is "everyone for himself". In the fight for individual interest, the law of demand and supply is expected to strike the balance. But history has proved that the law of demand and supply is not a natural law and that does not solve the problem. Unrestricted individual activity as in a capitalist society leads the society to a crisis. Capitalism itself creates some problems which become the causes of the death of capitalism. Finding that capitalism does not solve the human problem in the economic sphere, people sometimes think of subordinating the individual freedom to the good-will of the community. For doing that, they invent a machinery of administration which subdue the individual freedom to the authority of the community. In that kind of society—which is popularly known as communist—the individual vanishes and becomes a slave of the community and hence, there is no scope for any individual freedom. The greatest thinkers of the world find no comfort in this kind of society and they feel that such a steel-roller administration sacrificing the individual before the community would spread the germ of destruction by its own activity and that again becomes the cause of its own destruction. Co-operation strikes a balance between the two. It shows the way to build the community without sacrificing the individual. It believes in building the community by looking after the individual and trains the individual in making him see his own interest in the community interest. It is a great art to live the life of a co-operator. The co-operative movement should not be so designed as to become dependent on the Government, nor would it be kept in such a helpless state that it would be killed by a short-sighted policy of capitalists, who are only anxious for their individual prosperity. The Government should be there to help any truly co-operative effort but should not impose itself so much on the co-operative movement that it would appear as if Government is more important than the people who lead the co-operative movement.

I need not go into the details of the guiding principles of co-operation in such a wise assembly where each one of you is an experienced co-operator. You are not idle thinkers but have practical experience of running co-operative institutions. The co-operative movement is essentially an economic movement, but it has its social side too. So far as its economic side is concerned, it must be based on sound business principles and should not get mixed up with philanthropy, political ideology or sense of charity, etc., though no co-operative institution can prosper without having these basic virtues in its background. As for example, when the bank should be run purely it should be run purely on banking principles to safeguard the interests of the depositors and share-holders. The bank should expect its working capital and share capital mainly from the co-operative societies whom it serves and should not mostly depend upon the Government or the philanthropic people. The assistance of the Government or philanthropic people may be necessary at the start but it should always be the object of the bank to stand on its own legs. So also other co-operative societies. The constituents of the bank and the beneficiaries of the bank should be the co-operative societies sooner or later and unless the habit of thrift and reliance on its own banking institution is developed among the co-operative societies, the bank cannot exist any longer. For punctuality and discipline are necessary on the part of the borrowers, they ought to make it a point to repay their loans in time and according to the terms. The transactions should be businesslike and they should not expect any liberal treatment if they do not pay up their loans in time or transact their business according to the rules.

Hazardous trade should not be mixed up with banking thereby jeopardizing the interests of the depositors and the share-holders. Inspection and audit play a great part in the successful working of the co-operative societies. That should be done by efficient hands and at proper time and no good co-operative society should dislike a thorough inspection and audit since it ultimately does good to the society.

Short-term credit and long-term credit should not be mixed up together and there should be separate institutions for serving the different economic needs of the society.

Our past experience has shown as to how we have committed mistakes by our carelessness and unbusinesslike transactions with philanthropic motive. Almost all the Central Banks in North Orissa had to be superseded where fixed deposits had to be freezed for long long years, and the current and savings deposits did not come to the banks .Co-operative movement is not a new one. It has been tried and tried with success in many countries. We should learn from their experience as well as from our experience in the field. To my mind, it appears that co-operation has not succeeded as desired because the movement has always been dependent on the Government and has mixed up the business activities with philanthropic objects. It has not become self-reliant because it has failed to encourage the habit of thrift among the people and it has not expanded as it should, because there have been many instances of failure of businesslike transactions. This has been the result of mixing up the businessmanship with philanthropic activities. So, I think that we should now try to encourage a regulated habit of thrift amongst the co-operators, build up our co-operative institutions with as little assistance from Government as possible and be businesslike and practical in our transactions in the co-operative societies safeguarding against the pitfalls which might occur by mixing up philanthropic and charitable dispositions with business propositions.

For doing all this, co-operative education and propaganda are great necessities. It is a matter of great pleasure that a Co-operative Union has been established under the able leadership of Shri S. C. Roy in Orissa. The Registrar and the Deputy Registrar are *ex-officio* members of the Union. The Union, of course, is a very infant organisation. How far the Union has

succeeded, and to what extent, in the task of spreading co-operative education and propaganda, should be a concern of ours in this conference. There is no doubt that there should be a lot of public enthusiasm behind the movement. But only public enthusiasm will not make a movement a success unless practical co-operators with knowledge of business transactions with disciplined habit are found out to manage the co-operative societies. For co-operative movement, popular backing is a great necessity. But only popular backing will not make the movement successful, unless practical men are found out for the same. In this movement, popularity and knowledge are equally necessary. Goodness and practical wisdom are equally important. It is for this Union not only to propagate the idea of co-operation but to find out men of practical wisdom with necessary efficiency.

A great movement is now afoot under the direction of the Planning Commission which has to penetrate into all the villages of the country. The National Extension Service in the Development Department provides a great scope for the co-operative movement. The National Extension Service, which is now going to be undertaken by this State contemplates creation of 250 development blocks in course of 8 to 10 years where four Assistant Development Officers, namely, one in charge of Irrigation, one in charge of Agriculture, one in charge of Veterinary and another in charge of Co-operation are to function in each block of 100 villages with the assistance of 10 village level workers and under the guidance of a Revenue Officer. The Government would very much appreciate if all the developmental activities such as, seed multiplication and distribution, compost manufacture, fertiliser distribution, pest control, etc., are undertaken by the co-operatives. It is now a matter of great concern for the Government as to whether they will be able to find proper personnel for filling all these 250 posts of Assistant Development Officers in the co-operative line within a course of 8 to 10 years. It is probably for this Union to make people understand the co-operative principles and undertake co-operative endeavours.

For planning out the co-operative movement, probably, a Co-operative Council will be necessary to advise the Government on the co-operative planning. But before such a thing is done, a great effort is necessary for popularising the co-operative movement and finding out proper men for the same.

When I had been to America to attend the International Conference on Agricultural Credit and Co-operation, I found a new thing which I should place before you for your consideration. It was an International Conference but was not required to make recommendations or take decisions. Papers on different problems were arranged to be read by eminent authorities and then the whole conference used to break up into several groups called "workshops" and the problem presented by the speaker was being discussed from several angles with reference to individual experiences of the delegates and gists of all those discussions were recorded in the proceedings. It was expected that when appropriate authorities would be required to take decisions on those matters, they would take into consideration all the view-points expressed in those proceedings. That has this advantage that all view-points are placed before the experienced people and get thrashed out; all the same, the conference does not get committed to a particular view. The conference usually is not in a position to know all the difficulties in the way of implementing particular decisions. The members taking part in the conference keep themselves informed of all sides of the question but do not get committed to any particular view as they have not been apprised of the problem before the Government. So, they keep themselves thoroughly equipped to advise the Government in formulation of the policy and do not make themselves disqualified after having subscribed to one view or the other without examining the details of the problems presented by both the sides. Government similarly would not hesitate to take the advice and counsel of these experts because they have still kept themselves in the position of judges.

It is for your consideration if such conferences organised by the Co-operative Union, which has as its object to propagate co-operative education and propaganda, should function as deliberative bodies rather than decisive bodies. If it takes the roll of a deliberative body discussing all problems from all aspects suggesting remedies but not deciding on a particular course of action, then probably it would be in a better position to supply personnel for the Advisory Council which may be necessary to form to give counsel on the co-operative policy of the Government in future.

Extracts from the Presidential Address by Dr. H. K. Mahatab.

Friends,

I thank you for the honour which you have shown to me by calling upon me to preside over the Second Session of the Provincial Co-operative Conference particularly at Balasore where I have worked for nearly 20 years during the best part of my life. I confess I am not an authority with regard to co-operative movement in India but it has so happened in my life that from my college days I have been connected with some co-operative institutions in varying degrees. To-day the situation is such that anybody who thinks of the development of the country has to know something about the co-operative method. At one time co-operative method used to be adopted as a protective measure against unscrupulous individuals who were exploiting the common people by virtue of their wealth, but to-day its scope has considerably increased and therefore much more is now expected from this method than ever before. If we analyse the trend of economic thought in the world we see that irrespective of acute differences on general economic principles planning has been accepted as the surest way to develop a country. At one time it was doubted whether planned economy can be adopted in democratic countries where compulsion is a taboo, but even in highly democratic countries planning has been accepted as a normal way to develop the country's resources and bring about general prosperity. Before Russia

executed her plans it was really unthinkable that any undeveloped country could develop within so short a time as it happened there. Collective work which is the basis of national plans show unexpectedly remarkable results in that great country. Then the question arose whether collective work could be achieved without taking recourse to compulsion. While the result of collective work was appreciated, the method by which it was achieved was disapproved. Here the co-operative method came prominently into the picture. Those who believed in planning for the development of a democratic country had to lay stress on the co-operative method, otherwise there would be no planning for any kind of collective work. During the period between the end of the first Great World War and the beginning of the Second World War, the world has seen two types of planning, one in Russia and the other in U.S.A. Russia raised herself by compulsory collective work while U.S.A. solved her problems during the days of depression by planning on democratic lines. It was the new deal of Roosevelt which saved U.S.A. from a very grave economic crisis. The Second World War has completely changed the economic pattern of every country. New economic ideas have developed in place of some old accepted ones. The two prominent ideas which have evolved after the Second World War are quick development of undeveloped countries and that by collective work, either on voluntary basis or by compulsion, Some countries have adopted compulsion in order to execute collective work but in India many have chosen a different way. We do not believe in compulsion in order to achieve results. We have drawn up a Five-Year Plan after a good deal of deliberation and consultation and the plan has been highly spoken of by all sections of people here in India and also abroad. The plan, however, is based on voluntary effort of the people. This, in other words, means that the co-operative method must work in order to bring about the result contemplated in the plan. Here is a challenge to the co-operative method itself. God forbid, if it so happens that the plan does not succeed because of failure in organising voluntary efforts, the alternative method of compulsion will hold the ground and no-body can imagine today what would be the result if that happens. In the interest of peaceful development of the country it has to be proved that the plan can be executed by methods of co-operation. From this angle we have to consider the activities of the co-operative organisations in India today.

From the background I have just described you will see that the plan visualises co-operative work in different fields on a very much larger scale than it is done today. Here in Orissa about a little more than 5,000 co-operative organisations are working and most of them are credit societies in rural areas. In that about 200 are of different types. On the whole, about 15 Banks are working and most of them have been recently reorganised and placed on a sound footing. All these in normal times would have appeared as a good and creditable record, but today when the whole country is proposed to be organised on co-operative basis, even the normally creditable record looks small. I am sure, the leaders of co-operation in Orissa must be thinking about the steps they will take to go ahead with rapid strides to meet the situation.

Somehow it is unfortunate that the co-operative movement not only in Orissa but in India at one time or other received great set back for various reasons. One of the main reasons was inefficient administration. Sometimes the blame was laid on the door of the people. It is said that the misbehaviour of the villagers and the predominance of wrong type of persons in the organisation was responsible for the set back, but we have to take a practical view of every scheme. From the most practical point of view it has to be assumed that there will be always wrong type of persons who try to predominate in every affair and also it has to be assumed that it will be difficult for the general people to think beyond their own little interests and in terms of the common interest even of the same village. It is because of these constant factors in the society, administration plays a very important part in almost every sphere. I am sure, those of you who have experience in the work of the co-operative organisation will agree that after some stage or other the administration becomes slack and things are allowed to drift. All of us must feel happy that situation has been corrected and the work has started with renewed vigour and new enthusiasm; but even then you will pardon me if I say that slackness of administration is noticeable in some places. I am not referring to the slackness of administration in the Co-operative Department itself; I am referring to the other Departments also which should play their parts in order to enable the Co-operative Department to work efficiently. If funds are embezzled and no quick action is taken by the Executive authorities, then not only the Co-operative Department is undone but the method itself is discredited. Since the Five Year Plan is in operation and all our hopes are concentrated in that plan, all the Departments of Government should adjust themselves to help the Co-operative Department to spread its activities in all directions and enable it to take risks wherever it is necessary.

Risks have to be undertaken. Too much caution also damps the enthusiasm of the people. It is complained that the Five-Year Plan does not create the necessary enthusiasm. I am of the view that unless risks are undertaken and too much caution to which our administrative machinery is accustomed is got rid of, there is not likely to be fanatic enthusiasm of the execution of the plan or for the development of the country. Mistakes are bound to be committed and they have to be corrected. In that process the entire nation can be activised. I do not know whether I shall be able to persuade you to take risks and go ahead to achieve tangible results. But since you have given me an opportunity to speak out what I think, I must say that your Department at least should not be too much cautious. It should spread itself in various directions with all vigour and it should adopt the plan as its own child. I am quite clear in my mind that a final challenge has been given to the method of co-operation and therefore it must succeed and it cannot succeed unless reckless vigour is introduced to it.

Application of the method of co-operation in all kinds of activities, specially in rural areas, requires simplification of the rules and easy working of the organisation. Taking into consideration the circumstances prevailing in Orissa, I am inclined to think that attempt should not be made to set up large organisations consisting of large number of members. Smaller organisations perhaps will work much better and therefore the smaller the organisation, naturally the larger will be the number and consequently the more will be the work of the Department. I do not think there will be any harm if more than one co-operative organisation work in the same village for the same purpose. From a practical point of view it is not always desirable to go in after ideal institutions. The ideal has no value if it cannot adjust itself to the actual circumstances. The result achieved should be the criterion to judge the ideal. Sometimes it so happens that without any regard to the prevailing circumstances ideal institutions are started and ultimately they fail to achieve the result intended. As for instance I can point out the development of cottage industries on co-operative lines. It is a laudable object no doubt, but when it will be taken up, all the prevailing circumstances have to be taken into consideration. The cottage industries do not prosper not only because of lack of collective effort but also on account of competition with both foreign and large-scale industries. Collective effort has its own limit and it should not be considered as the panacea for all evils. Similarly the collective farming. It is a laudable idea but all its implications have to be taken into consideration wherever and whenever it is started. A number of instances can be collected to show how sometimes we are carried away by lofty ideals but we do not achieve any tangible result which alone satisfies the common man. Most of you have intimate knowledge of the common man's mind and I am sure you will agree with me that the common man cares more for the tangible result than for the pursuit of any high ideal. I would therefore suggest that in every attempt very practical view has to be taken and the scheme has to be made accordingly. As today wherever one goes one hears of mainly four complaints, namely, want of water, want of road, want of school and want of medicine. All these complaints can be redressed by the people themselves if only they could be organised on co-operative lines. In some places where I have had the opportunity of talking to the people freely I have noticed a keen desire for co-operation in order to have the things they want. All the other Departments of Government and the local bodies can combine to help the villagers in getting what they want. I give you a simple instance to explain what I mean Both Government and local bodies are spending a lot, I think much more than ever before, for minor irrigation and water supply schemes. In all these schemes there is the people's contribution but there is no co-operative organisation to handle the schemes. As a result, many of the schemes either cost more or go wrong because there are no local organisations to look after them continuously. You can well imagine how popular a co-operative organisation will be if it can have a well sunk in the village to meet the crying needs of the people and you can well imagine how much more work that co-operative organisation can do as soon as it succeeds in having at least one thing done. Sometimes I am inclined to think that all the rural development work should be done through some kind of co-operative organisation. I realise that if this is to be done then the strength of the Department has to be considerably increased and the Department itself has to be created as the most important Department of Government. People's demands are increasing by leaps and bounds. They are fast becoming conscious of their rights and privileges. At the same time some way has to be found out to instil the sense of responsibility in them, otherwise, I am afraid, there might be utter confusion at some stage.

Co-operative work uptill now has been renegated to a secondary position while the other kinds of work are very much more prominent in the eyes of the public but the situation has to be reversed and that too very soon. Those of you who have been working in this line should feel happy that your days are coming soon and it is you who will be leaders of the country. With faith in yourselves and in the capacity of the common people you go ahead with full vigour and meet the challenge which has been thrown to you.

Resolutions Adopted

1. This Conference requests the State Government to bring into force immediately the Orissa Co-operative Societies Act, 1952 and the State Co-operative Council as per Section 189 of that Act.

2. (*a*) This Conference requests the State Government to obtain and consider the opinion of co-operators of the State (through the Orissa Co-operative Union) on the draft rules which are now being framed under the Orissa Co-operative Societies' Act, 1952 before they are finalised and published.

(*b*) This Conference also resolves to appoint an ad-hoc Committee consisting of

1. Sri N. Ramakrishna Rao	5. Sri Dibyasingha Patnaick
2. ,, Ram Chandra Das	6. ,, Ganes Prasad Mohapatra
3. ,, W.V.V.B. Ramalingam	7. ,, Satis Chandra Roy
4. ,, V. Sitaramayya, M.L.A.	

to consider the draft rules when they are received from Government and to suggest modifications, if any, therein to Government through the Orissa Co-operative Union.

3. This Conference requests the Union Government through the State Government to expedite passing of the Bill amending the Reserve Bank of India Act to enable that Bank to finance through the State Co-operative Banks medium-term needs of agriculturists.

4. This Conference notes with regret that the "Savings drive" for which a resolution was passed at the last Conference has not made much headway. This Conference is strongly of opinion that "thrift" should form an integral part of the credit co-operative movement and therefore suggests that credit from co-operative societies may be made available only to such members as make regular thrift deposits (according to their means) in societies. Such deposits may be in the form of cash or kind (musti sanchaya). An annual target for such deposits should be fixed for each credit society and it should be the duty of members and *punches* of the society as well as of the staff of the central co-operative bank to see that the target is attained.

5. This Conference resolves to recommend to each Central Co-operative Bank to convert as a pilot measure one or more selected agricultural credit societies (according to the size and financial conditions of the Bank) affiliated to it into "whole village organisations" by enrolling all eligible agriculturists in the areas of operation of such societies as members and financing all their short and medium-term loan requirements for which the State Co-operative Bank is requested to provide adequate finance.

6. This Conference resolves to request the State Government to recruit at least 20 per cent of the cadre of co-operative inspectors from the staff of central co-operative banks and other co-operative institutions and to relax educational qualifications and restrictions regarding age in their cases.

7. This Conference resolves to request the State Co-operative Bank to hold periodical conference between the representatives of the central co-operative banks and other borrowing co-operative institutions and those of the State Co-operative Bank for exchange of views and better understanding among them and to take up the responsibility of guiding and developing the credit structure of the co-operative movement in the State through and with the help of central co-operative banks.

8. This Conference considers that compounding of interest in co-operative institutions is un-co-operative and usurious and resolves to request the State Co-operative Bank and other financing banks not to charge and realise compound interest from any of their borrowing institutions.

9. This Conference resolves to request the State Government to claim from the Union Government, Orissa's share of the excise duty on mill cloth proportionate to the number of handlooms working in Orissa and to utilise the amount received in developing the handloom industry through co-operative agency.

10. This Conference resolves to recommend that as a measure of permanent benefit to the handloom weavers of the State, co-operative spinning mills should be established and that as a pilot measure, one such mill with at least 10,000 spindles (which is an economic unit) should be established and put into production within the next five years. The Conference further recommends that only weavers and weavers' co-operative societies of the State, the employees of the mill and the State Government should be members and share-holders of this co-operative spinning mill and the yarn produced in the mill should be earmarked

exclusively for its members and other weavers in the State. The Conference also requests the State Government to provide sufficient funds as long-term loans repayable in 10 years to this co-operative concern to enable it to go into production within the next 5 years.

11. This Conference resolves to recommend that very early steps should be taken to establish marketing depots for selling products of co-operative weavers' societies, not only in large marketing centres in the State, but also in important centres like Calcutta, Bombay, Delhi and Madras, outside the State on the same lines as are followed by the Madras State Co-operative Weavers' Society and it further requests the State Government to subsidise the establishment of such depots in the beginning

12. This Conference resolves to recommend that improved looms and accessories should be introduced in weavers' co-operative societies so as to increase the quantity and reduce the cost of production and thus secure better earnings to weavers and request the State Government to help the weavers' societies with suitable subsidies for the purchase of improved looms and accessories.

13. This Conference resolves to request the State Government to provide Rs. 10 lakhs in the annual budget for grant of loans to co-operative housing societies on long-term basis.

14. This Conference resolves to request the State Government to pass suitable legislation facilitating the establishment of a State Co-operative Housing Society and guaranteeing of the debentures to be floated by it in the same way as they have done in the case of the State Co-operative Land Mortgage Bank.

15. This Conference resolves to request the State Government to set up a committee to study the schemes of the Central and other State Governments which have already taken up the construction of small tenements and hutments suitable for small families of limited means with all modern amenities and to suggest cheap and suitable designs of houses to be constructed under the rural and urban co-operative housing schemes to be financed by Government or by the State Co-operative Housing Society to be established under suitable legislation.

16. This Conference further resolves to request the State Government to urge on the Union Government to grant adequate funds for carrying on its co-operative urban and rural housing schemes for the workers, employees and other persons of limited means.

17. To make the people of this State co-operative minded, this Conference resolves to request the Orissa Board of Secondary Education and the Utkal University to introduce "co-operation" as a subject in the syllabus for the Matriculation Examination and for Economics in the I. A. and I. Com. Examinations.

18. This Conference expresses its gratefulness to the Planning Commission for recognizing co-operatives as the suitable agencies for carrying

out the objectives of the Five Year Plan and requests the State Government to make the maximum use of co-operatives in implementing the plan in this State and to foster the co-operative methods of business to obtain quick and permanent results.

19. This Conference resolves to request the State Government that in Community Project areas where proper human materials are available and there is a genuine need, the project officers may be directed to organise societies of the following categories to achieve the maximum benefits to the people.

(a) Labour contract co-operative societies for laying roads, digging channels, tanks etc.

(b) Co-operative housing societies for constructing better houses in rural areas.

(c) Co-operative production and marketing societies for effecting improvement in cultural methods and marketing with a view to larger production and better marketing, for securing larger incomes to produce societies and above all :—

(d) Co-operative multipurpose and welfare societies for advancing adult education, for undertaking public health work, for giving aid to maternity cures and for general propaganda with a view to mass uplift.

20. This Conference resolves to request Government to appoint a Co-operative Planning Committee consisting of officials as well as non-officials (if there be delay in establishing the co-operative council) to examine the final report of the Planning Commission so far as co-operation is concerned and to recommend how far it can be implemented in the State taking into account local conditions.

EXTRACT

PROHIBITION OF UNCERTIFIED HONEY

It is a well known fact that pure honey gives stamina. Persons participating in long distance swimming competitions, venturing on mountain expeditions, or undertaking hazards live on a diet which consists chiefly of honey. Persons having to work under the sea or at high altitudes are also fed on a honey diet both before and during the operations. Enough is not known about these qualities of honey.

Bees, beehives and honey have been known in our country from times immemorial. We have forests abounding in them. Our forest-dwellers spot out the bee-colonies during the harvesting seasons, destroy the bees by administering fire and smoke and squeeze out the combs for all their contents–honey ripe and un–ripe, pollen, dead bees, larvæ, pupæ etc. The resulting liquid is sold by them to dealers as honey. The latter often adulterate it with sugar or gul syrup. This is the honey that we get in the market ordinarily. It has neither any keeping qualities nor taste, nor aroma, nor a clear or pleasing appearance. While pure honey is nectar for a number of ailments, the honey that is ordinarily available in the bazar is occasionally veritable poison for them. But this is not the concern of the bee-hunter. The harvesting season lasts for a month or so. Within it he is able to squeeze out honey from wild combs and make some earnings. This process of collecting honey is easier and more effortless than the apiculture process which is scientific and is now being sought to be introduced in the vicinity of forest areas, and in villages. The honey derived by this process is clear, pure, lasts well, tastes better and possesses many medicinal and food values. But it costs a little more. The consumer is content to have the bazar honey which costs very much less. Even the manufacturers of Ayurvedic medicines are often satisfied with the cheap stuff that is available in the bazar and have regard neither for the purity nor the efficacy of their preparations. The result is that their preparations to be used with honey have lost the wide market they had.

An essential condition or a pre–requisite to the progress and success of bee-keeping as a scientific village industry is the education of the consumer in this matter. He should know which honey he should purchase and the disastrous consequences of using the wrong article. He should also know the uses of honey.

In a vast country of villages like ours teeming with a very big percentage of illiterate persons education in this matter is extremely difficult. It is, therefore, necessary for the State to step in to help the new schemes by prohibiting the sale of impure honey. It should be made an offence to sell any honey not having a certificate of purity, granted by duly constituted authority. This is not difficult to accomplish. It is comparatively easy, for instance to get the manufacturers of Ayurvedic medicines to submit for inspection samples of the honey they employ in the manufacture of medicines.

—*All India Khadi & Village Industries Board.*

NEWS AND VIEWS

The Provincial Weavers' Co-operative Society, Nagpur has now within its fold about 90,000 looms out of a total number of 1,40,000 looms in Madhya Pradesh Its share capital is nearly Rs. 3 lakhs and its owned funds now exceed Rs. 6 lakhs. The State Government has recently given a guarantee for a loan of Rs. 5 lakhs to the Society and it is possible that the Society will obtain in addition some substantial assistance from the All-India Handloom Board out of the recently levied cess on mill-made cloth. The Society has several schemes for strengthening the handloom industry in Madhya Pradesh.

* * *

Several major State Governments in the country have chalked out plans for rehabilitating and developing India's largest cottage industry—the handloom industry—according to a press report.

It is understood that while some of the State Governments in their scheme for development had suggested providing share–capital and working capital for co–operative societies, other States have suggested subsidy on sales and subsidy on transport. Besides these, several other suggestions for the development of the industry have also been put forth. The schemes prepared by the State Governments and assistance from the Handloom Fund are meant to be canalised primarily through handloom co–operative societies. It is further added that the official view was also on these lines and that the best way to help the handloom weavers was to bring them under the co-operative fold. It is further understood that a substantial portion of the grants given for the development of the handloom industry would be utilised for organising handloom co-operatives by most States.

* * *

The Executive Committee of the All-India Handloom Weavers' Congress, which met at Bombay on the 11th Angust, in a resolution said that provision of additional credit to weavers' co-operatives would enable them to provide employment to the weavers and urged the centre to take immediate steps to take charge of the accumulated stocks of cloth which are in the possession of weavers' co-operatives and to arange for advancement of credit against their possible sales. It also said that the State Governments must bear the full cost of transport and packing of yarn and cloth, of the co-operatives. The Committee further suggested that Government should make all their purchases of cloth from the weavers co-operatives.

* * *

The All-India Handloom Board, at its meeting held at Bombay on the 11th and 12th August '53, recommended that Government should stimulate the consumption of handloom cloth in the country by authorising co-operative societies and State depots to grant rebates on sales made by them and subsidising such rebates from the Cess Fund.'

A Press Note issued by the Board said 14 State Governments, having within their areas over 80 per cent of the total number of handlooms in the country, had submitted schemes for the development of the handloom industry at an estimated total cost of over Rs. 7 crores. The schemes included the organisation of co-operatives for a large number of weavers, the provision of share and working capital of co-operative societies, arrangements for internal marketing by opening depots and emporia and through propaganda vans, and the setting up of a research centre, co-operative spinning mills, finishing plants, etc.

* * *

According to a report on the press confrence held on September 3 at Poona by Sri M. P. Patil, Minister for Co-operation, Government of Bombay, it is understood that the Government of Bombay, would give loans to Co-operative Societies (weavers') up to Rs. 100 a loom for supplying yarn to weavers and marketing finished products. Already 60,000 weavers *were* members of co-operative societies; others also would be persuaded to join. Further, the Government was prepared to give loans towards the share capital of these societies. The society would buy yarn wholesale and supply it to the weavers, who would be given a wage of 10 annas a day. The co-operatives would market the products and share the profits equally with the weavers. The Government would appoint special staff to help co-operative societies in the maintenance of accounts and marketing of goods. One supervisor would be appointed for every 250 looms. The societies would be controlled by a district committee with the Collector as Chairman and representatives of the societies and the Co-operative Department as 'members. The function of these committees would be 1. to sanction advances of money; 2. to help buy yarn wholesale and distribute it; 3. to direct production. The scheme would come into effect immediately and was of an interim character meant for six months.

The Government of Bombay expect to get Rs. 40 lakhs for handlooms out of the fund to be collected by the levy of one pice a rupee on cloth produced by textile mills. The State Government had already forwarded nine schemes costing Rs. 68 lakhs to the centre for aproval.

* * *

The Government of India had set up a Central Directorate to promote co-operative organisasions in the handloom industry and to undertake schemes for marketing improvements in production, techniques and designs.

* * *

Sri V. R. Chitra, Technical Expert of the UNESCO, in a recent speech at Madras disclosed that Handloom textiles, village smithy, rural carpentry and pottery are the four cottage industries, which United Nations have taken up for development in the undeveloped and underdeveloped countries of the Middle and Far East.

* * *

Sri C. D. Deshmukh, Finance Minister, Government of India, detailing the proposals of the Government of a special educational expansion programme to provide employment to the educated unemployed, at an estimated cost of Rs. 14.7 crores, in the House of the People, announced that in National Extension areas and community projects the teachers should be encouraged to take their full share in all local development activities and to assist in running the village co-operative and panchayat.

* * *

The Government of Madras, it is understood, have directed that co-operative societies of oil producers, formed exclusively of owners of country oil chekkus (ghanies) single or multiple, dealing in the produce of their own chekkus, be exempted permanently from the payment sales tax with form April 1, 1953.

* * *

The recently appointed Jute Enquiry Commission, in its questionnaire has called for information on any co-operatives financing the cultivation of raw jute or otherwise participating therein, like storing, marketing or baling jute. The Commission further asked whether operation of co-operatives, which might eliminate some of the tiers of middlemen, would in any way improve the lot of the cultivator or prejudice the interest of trade and to what extend would the development of cooperative sale societies improve the existing system of marketing.

* * *

It is learnt that within five months of its inception, the Central Land Mortgage Bank, Hyderabad, has sanctioned loan applications to the tune of one lakh rupees to eight societies for purposes of disbursement. It is stated that requests for loans to the tune of two lakh rupees are either pending sanction or under preliminary investigation. Primary societies have so far been established in Gangavathi, Parbhani, Khammameth Sultanabad, Mahboobabad, Karimnagar, Bhongir, Suryapet, Mulug and Banswada in the State.

* * *

The Mysore State Government had sanctioned a scheme of co-operative farming in the State. Twenty-one co-operative farming societies for landless persons, including five for depressed classes, had been started in different districts. The working of these societies, to which several concessions had been granted, it is reported, was being watched and that it was found to be encouraging.

* * *

It is reported that efforts are being made to organise small cane-farmers in Hyderabad State into a co-operative society on the lines of those in northern farms so that, as a corporate body, they may put forth their demands regarding increase in price to the factory and strengthen their case.

* * *

Land requisitioned under the Land Reform Bill in Egypt, it is reported, is being distributed among landless peasants in the same village each getting not less than two acres and not more than five.

Co-operative societies, it is understood, will be established in each village to help tenants look after their land properly. These societies will advance agricultural loans to their members, furnish them with anything they require in the cultivation of their land such as seeds, fertilizers or agricultural machinery, organise cultivation on modern scientific methods, and market the crops. Each of the co-operatives will have at least two Government advisers in matters of agriculture and finance to teach peasants, during the initial years. Once the peasants feel they can handle their own affairs, the officials will be withdrawn.

One of the first results of the Land Reform Bill will be the establishment of co-operative villages in Egypt, something new in her social set-up. In these villages, the farmer will be taught to shoulder his responsibilities as a member of the community and act freely.

* * *

A State-wide programme of rural development under the National Extension Service Scheme will be inaugurated in Madhaya Pradesh on October 2, this year. The scheme aims at the co-ordinated and integrated development of the life of the villagers by the improvement of agriculture, animal husbandry, public health, irrigation, housing, village roads, education and cottage industries. The essence of the Scheme is that the form and manner of the development to be started in each village must be determined by the villagers themselves, according to the needs and resources of the village. The scheme also provides for the organisation of co-operatives in every village or group of villages to cater to the needs of the people and provide seed, fertilizers, short-term credit and marketing facilities.

The Madras State Co-operative Bank, Ltd.

Head Office:—379, Netaji Subhas Chandra Bose Road, Madras 1.

Balance Sheet as on 30th June, 1953.

Liabilities.	Rs.	Assets.	Rs.
Capital ...	17,81,000	Cash ...	16,00,492
Reserves ...	55,74,849	Investment in Govt. Securities ...	2,13,73,149
Deposits & Borrowings.	8,85,70,513	Other investments ...	25,99,607
Sundries ...	22,53,318	Loans and Overdrafts	7,14,53,273
Profit & Loss A/c. ...	5,77,937	Sundries ...	17,31,096
Total ...	9,87,57,617	Total ...	9,87,57,617

Analysis of Working.

Years ending 30th June

	1950 Rs.	1951 Rs.	1952 Rs.	1953 Rs.
Paid up Capital ...	15,00,000	14,86,600	14,91,300	17,31,000
Reserves ...	50,04,278	51,50,610	53,71,137	55,74,849
Fixed, Current and other deposits ...	4,29,35,969	4,36,25,668	4,02,36,923	4,64,55,471
Net Profit ...	2,88,978	3,74,733	3,97,840	5,54,339
Amount transferred to Reserve Fund ...	1,00,000	1,00,000	1,00,000	1,87,000
Other Accounts ...	46,500	1,53,000	1,76,731	2,43,912
Dividend ...	1,34,820	1,04,178	1,34,066	1,47,025
Amount Carried Forward ...	43,977	36,555	23,598	...

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