

## CHAPTER V

# CO-OPERATION AND COMMUNITY DEVELOPMENT

In the current phase of economic development in India, with the emphasis given to the spread of high yielding varieties and the application of new technologies in agriculture, greater attention is being devoted to the establishment of higher level institutions for credit and marketing and to individual incentives than to the strengthening of grass-root institutions at the level of the people. This may appear to run counter to the major policy assumptions which, until recently, exerted a powerful influence on India's Five Year Plans. These looked upon co-operation and community development, along with growth in agricultural production, as the main foundation of the effort to transform social and economic life, specially in the rural areas. As was stated in the Second Five Year Plan (1956-61), "In a country whose economic structure has its roots in the village, co-operation is something more than a series of activities organised on co-operative lines; basically, its purpose is to evolve a system of co-operative community organisation which touches upon all aspects of life."

If recent developments and others along the same lines which may follow in the coming years are seen as means to meet new or expanding needs, the foundations could be correspondingly strengthened and continuity of growth assured.

The first co-operative society in the country came into existence in 1891 through voluntary local initiative in a village in the Punjab. The second society which served 22 villages came into being in 1895. Since the Deccan Riots Commission of 1875, the Famine Commission of 1880, the Land Improvements Loans Act of 1883 and the Agriculturists Loans Act of 1884, the need was being increasingly felt for some way of redeeming the cultivator from the clutches of money-lenders, for making finance available on easy terms and improving the condition of the peasantry. In this movement of ideas, Justice M. G. Ranade, Sir William Wedderburn and Sir Frederick Nicholson are among those to be remembered. At the turn of the century, persons of experience and insight realized that Indian agriculture was static, indebtedness was increasing, usury was rampant and that, in the midst of land grabbing by money-lenders, thriftlessness on the part of farmers and growing indebtedness, no real progress was possible. The outcome of this

concern was the enactment of the Co-operative Credit Societies Act, 1904, which established the first legal framework for the co-operative movement in India. However, it was not until the mid-fifties, following the report of the Committee of Direction of the All-India Rural Credit Survey and the Second Five Year Plan, that co-operation came to be regarded as an integral and truly vital part of the scheme of national planning.

The roots of community development also go back over many years. There was deep anxiety about the problems of poverty in India in Dada-bhai Naoroji's famous paper of 1876. The period between the First and the Second World Wars witnessed experiments of real significance in several parts of India, notably under the influence of Rabindranath Tagore and Leonard Elmhirst at Sriniketan in West Bengal, D. Spencer Hatch at Martandam in Kerala, F. L. Brayne in the district of Gurgaon in Haryana, and V. T. Krishnamachari in the district of Baroda in Gujarat. In the thirties, Mahatma Gandhi did much pioneering work at Sevagram; week after week, he drove home the lessons of self-help and self-reliance, the need for reconstructing villages and for putting the idle time and energy of the people to constructive use. During the period immediately following the Second World War, the *Firka* development scheme in Madras, the *Sarvodaya* scheme in Bombay, and the Pilot Development Project at Etawah in Uttar Pradesh under the guidance of Albert Mayer, prepared the way for the acceptance of rural extension as the agency and of community development as the method for rebuilding the social and economic life of India's villages as part of the approach of planned development.

Thus, even though there are important antecedents in other countries upon which they drew, both co-operation and community development were in essence the products of that movement for resurgence which saw the fruition of India's struggle for national freedom. The forms in which these ideas have been expressed since the early fifties, their role in the country's life, the concrete problems which they have thrown up, and their limitations and possibilities in the future, are associated closely with the phase of national planning which was initiated by Jawaharlal Nehru. Since the mid-sixties, with a variety of political, economic and social problems confronting the country, some pragmatic approaches have been developed without being sufficiently integrated into a broad pattern of policy for co-operative action and for development at the level of the community. In this sense, co-operation and community development may be said to be currently in a period of transition. In this chapter, we shall concentrate in the main on the more basic considerations which have guided public policy over the greater part of the past two decades and refer more briefly to the more recent institutional developments and to their probable significance in the future.

## A. CO-OPERATION

### I. Scope

In defining the scope of co-operation and, therefore, of the co-operative sector in the national economy, the following were the principal considerations and assumptions:

- (i) In agriculture, industry and other spheres, the vast majority of operating units are small and individually weak and are constantly exposed to hazards and even exploitation. In effecting reforms in the land system and creating wider opportunities, the number of units which function in a decentralized and almost atomistic manner tends to increase.
- (ii) Through co-operation, it is possible to combine freedom and opportunity for the small man with benefits of large-scale management and organization and, at the same time, to secure goodwill and support from the community. The co-operative form of organization has advantages not equally shared by private enterprise or State ownership and, in particular, it can draw both upon incentives which are social and incentives which are individual.
- (iii) Economic development and social change are equally important elements in the reconstruction of India's social and economic structure. Co-operation is one of the principal means for bringing about changes of a fundamental nature within the economy and in the social organization associated with it.
- (iv) At the level of the village, co-operation implies the development of land and other resources and of various services in the common interest of the village as a whole as well as a continuing obligation on the part of the village community towards all its members. For this reason, as part of a larger co-operative rural economy, the aim of policy should be to develop the village as the primary unit of organization in agriculture and in many other economic and social activities which bear closely on the welfare of the rural population.
- (v) As an organizing principle, co-operation is specially appropriate in spheres of activity in which the primary groups are relatively small and homogeneous and, at the same time, need the support of effective federal structures at higher levels.

It was because of these considerations that the Second and Third Five Year Plans presented co-operation as the principal basis of organization in several branches of economic life, notably, in agriculture, small

industry, processing, marketing, distribution, supplies, rural electrification, housing and provision of essential amenities for local communities. Even in medium and large-scale industries and in transport, an increasing range of functions can be undertaken on co-operative lines. Indeed, in association with a growing public sector and a private sector which keeps in view the interest of the community equally with its own viability, the influence of co-operation should extend far beyond the particular activities which are organized along co-operative lines and should impart to the social structure and the national economy a measure of balance, direction and a sense of values.

It was believed that in the initial stages of development the largest applications of the principle of co-operation would be in relation to the rural economy, but there were also important areas of urban, industrial and tertiary activities in which co-operation could acquire a growing share. As the process of social and economic change gathered force, co-operation would have to meet new and complex demands, and diverse forms of co-operative organizations would continue to take shape to meet these needs. It was, therefore, important that in all aspects co-operation should grow as a movement free from rigidity, regulation and hierarchy to the greatest extent possible, should draw strength from the people, and should always be open to experiment and innovation. In terms of organization, the principle and spirit of co-operation have to be continually preserved against fixed concepts, administrative superimpositions and excessive dependence on Government, on financial agencies and on civic and political institutions outside the main co-operative system.

As we shall see, these formulations did not perhaps reckon sufficiently with the interaction between the institutions of co-operation and the processes of economic growth. Where economic growth proceeds in the main through private effort, whether undertaken by organizations or individuals, co-operative institutions could find themselves on the defensive. They could become inadequate in relation to a wide range of new needs. They could also develop internal tensions between the strong and the weak and often tend to favour the former. Co-operative institutions might be influenced no less than other institutions by the desire of individuals and groups for greater power and influence. Finally, the problem of efficiency remains a crucial one for all forms of organization, and notably for those in which authority tends to be derived from a larger body of constituents and is, therefore, inevitably diffused. Financial weakness and dependence on outside resources also reduce effective autonomy. These are among the aspects which have come into greater prominence in recent years and are already the subject of intensive debate within and outside the co-operative movement.

## II. Review of Developments

Although a few co-operative societies were formed on the initiative of district officers in the early years of the century, it was soon apparent that no real advance could take place without special legislation. A committee with Sir Edward Law as chairman (1901) reviewed the experience of co-operation then available and came to the conclusion that co-operative societies were worthy of every encouragement and of prolonged trial. The committee's recommendations led to the passing of the Co-operative Credit Societies Act of 1904. Under this legislation, co-operative societies were classified into two main groups, rural and urban. While leaving the choice free in respect of urban societies, unlimited liability was proposed as the general rule for rural societies. At this stage, consideration was not given to the question of building up the higher levels in the co-operative structure.

Between 1906 and 1912, the number of co-operative societies rose from 843 to 8,177, the number of members from 90,844 to 403,318 and the amount of working capital from about Rs. 2.4 million to Rs. 33.6 million. A new Co-operative Societies Act, which replaced the legislation of 1904, was passed in 1912. The distinction between rural and urban societies was given up and in its place societies were divided according to as the liability of members was limited or unlimited, whether their purposes related to credit or non-credit activities, and whatever the level in the structure at which they operated. A number of other improvements were also made. In 1914, the position was carefully reviewed by a committee presided over by Sir Edward Maclagan. The Maclagan Committee, whose report is a document of great importance in the development of co-operation in India, devoted its main attention to agricultural credit societies.

In 1921, with the passing of the Government of India Act, which introduced a system of dyarchy in the provinces, co-operation became a 'transferred' subject. By the early thirties, several provinces as well as some of the progressive Princely States had either introduced new co-operative legislation or adapted Central legislation to their requirements. The Royal Commission on Agriculture, which was set up in 1927 with Lord Linlithgow as chairman, also stressed the important role of co-operation, observing that, if co-operation failed, there would fail the last hope of rural India.

The economic depression of 1929-30 caused a serious setback to the co-operative movement, overdues accumulated, recoveries became extremely difficult and many societies and even Central banks came to grief. In several provinces, committees were appointed to recommend measures for the rehabilitation of the co-operative movement. The problem of rural indebtedness and of legislation to protect farmers against

money-lenders came to the fore as an urgent political and economic issue. This was largely due to the depression and the fall in the prices of primary agricultural products. Opinion gained ground that the co-operative movement should be strengthened to the utmost extent as a means of rural uplift. In the late forties, the role of co-operation and the lines along which the co-operative movement should develop were considered by a number of committees and in other forums, including specially the Government of India's Policy Committee on Agriculture, Forestry and Fisheries (1944), the Agricultural Finance Sub-Committee of the Reserve Bank of India (1945), the Co-operative Planning Committee (1945), the Rayalseema Co-operative Enquiry Committee (1945-1946), the Economic Programme Committee of the Indian National Congress (1948), the Rural Banking Enquiry Committee (1949-50) and the Fifteenth Conference of Registrars of Co-operative Societies (1947).

When the Reserve Bank of India was established in 1935, a special responsibility was placed upon it for studying the problems of agricultural credit and extending financial assistance to co-operative institutions. From this date, the Reserve Bank of India came to occupy a central position in the working of the co-operative movement. However, it could not do much during the forties and in the immediate post-war period. The turning point came in 1951 when the Reserve Bank of India convened an informal conference of co-operators, economists and Registrars of Co-operative Societies to help and define the measures needed to enable the Bank to assist co-operative institutions. The conference recommended that, as the factual information available was sparse, a rural credit survey should be undertaken and the nature of credit requirements studied thoroughly. This led to the appointment in August 1951, for the Rural Credit Survey, of a Committee of Direction which included A. D. Gorwala and D. R. Gadgil among its members.

The Rural Credit Survey undertaken by the Reserve Bank of India constituted a scientific and exhaustive enquiry into many crucial aspects of the rural economy on which hitherto little precise data were available. The data collected on a random sampling basis were derived from 127,343 families in 600 villages in 75 districts in the country. They were presented in 1954 in two volumes entitled *The Survey Report* and *The Technical Report* to which was added *The General Report*, containing the recommendations of the Committee of Direction.

Four circumstances lent to the work of the Rural Credit Survey exceptional importance in the development of co-operation in the country. First, the findings were supported by information which had become available for the first time. Secondly, the Reserve Bank of India was now intimately involved in implementation as a principal party and as an initiator in the field of co-operative policy. Inevitably,

from financial questions, it moved into the sphere of policy and approach. Thirdly, the recommendations of the Rural Credit Survey envisaged certain departures in policy and approach. Among these, the most important was the principle of State partnership in co-operative institutions at all levels and in all fields. The Rural Credit Survey aimed at presenting an integrated scheme of rural credit and other economic activities like marketing, processing, storage and warehousing. Its recommendations led to the nationalization of the Imperial Bank of India and its redesignation in July 1955, as the State Bank of India. The proposals of the Committee of Direction for enlarging the size of the primary co-operative with a view to securing and maintaining organizations with trained personnel and adequate skill, raised far-reaching issues, which remained under debate for a number of years. Finally, since proposals for the development of co-operation were now an integral component of the Five Year Plans, which were undertaken jointly by the Centre and the States, the main issues which arose assumed national significance. Centre-State relations as well as questions bearing on the strategy of rural development were implicit in any conclusions that might be reached.

The investigations of the Rural Credit Survey Committee had shown that in 1951-1952 different agencies contributed towards rural credit in the following proportions:

TABLE I

<i>Credit Agency</i>				<i>Proportion of borrowings from each agency to the total borrowings of cultivators (per cent)</i>
Government	..	..	..	3.3
Co-operatives	..	..	..	3.1
Commercial banks	..	..	..	0.9
Relatives	..	..	..	14.2
Landlords	..	..	..	1.5
Agricultural money-lenders	..	..	..	24.9
Professional money-lenders	..	..	..	44.8
Traders and commission agents	..	..	..	5.5
Others	..	..	..	1.8
Total:				100.0

As the Survey pointed out, the available agricultural credit fell short of the right quantity, was not of the right type, did not serve the right purpose and, by the criterion of need (not overlooking the criterion of credit-worthiness) often failed to go to the right people. The cultivator was almost wholly dependent on non-institutional agencies. At the village level, only co-operatives could be a suitable institutional agency for providing credit. Therefore, the foremost objective of policy had

to be the positive and deliberate creation of conditions in which co-operative credit would have a reasonable chance of success.

Its analysis of the causes of the failure of co-operation led the Committee of Direction to the view that, while co-operation provided for a combination of the weak at the bottom, the State is or ought to be a combination for the weak at the top. An effective programme would become possible only if the State at one end joined hands with co-operatives at the other, thus bringing about a reorientation of the country's administrative, financial and organizational forces in favour of rural areas. More concretely, the Rural Credit Survey envisaged a scheme of State partnership at all levels with co-operatives concerned with credit, processing, marketing and other spheres, supported by the institutional development of storage and warehousing as a basis for bank finance. The Survey also placed much emphasis on systematic training of personnel required at all levels. These proposals were spelt out at considerable length in the Report on the Survey, and formed the basis of the programme for co-operative development in India's Second Five Year Plan (1956-61). Action was initiated in a number of directions. However, on one major issue — the question of size of the primary co-operative — there were strong reservations on the part of the Planning Commission, which were also shared by the then Prime Minister, Jawaharlal Nehru. The discussion simmered on until November 1958, when the National Development Council passed a resolution on co-operative policy.

The National Development Council considered the role of the co-operative movement from an angle much broader than that of rural credit. It was concerned with intensive agricultural production, mobilization of local manpower and other resources and, more generally, with the central question of the lines along which the rural economy as a whole was to be rebuilt. The Council considered that—

“For the development of co-operation as a people's movement, it was essential that co-operatives should be organized on the basis of the village community as the primary unit, and that responsibility and initiative for social and economic development at the village level should be placed fully on the village co-operative and the village panchayat . . . In a rural co-operative, the members should have intimate knowledge of one another as well as a sense of mutual obligation and concern for the rehabilitation of the weaker sections of the community. By working together for the common objective of raising the standard of living of all sections of the population, the community develops social cohesion and unity.”

Following the Resolution of the National Development Council, a new Department of Co-operation was established at the Centre as part of the Ministry of Community Development and Co-operation, which took over functions in this field from the Ministry of Food and

Agriculture. The implications of the Resolution were examined by a Working Group on co-operative policy which reported in June 1959. At the suggestion of the State Ministers in charge of co-operation who met in July 1959, a Committee on Co-operative Credit, with Vaikunth L. Mehta as chairman, was set up by the Government of India to consider various practical issues such as standards to be prescribed for credit limits, loan policies and practices of co-operative credit institutions at different levels, measures necessary for increasing the borrowing powers of primary credit societies, and the conditions which should govern share capital participation by the State in primary societies. The recommendations of this Committee were taken into consideration in formulating proposals for the Third Five Year Plan. Conclusions reached with the approval of the National Development Council on the question of size of the primary co-operative, which had proved a difficult issue for as long as five years, were set out in the following terms in the Third Five Year Plan (1961-66):

“While, as a general rule, co-operatives should be organized on the basis of the village community as a primary unit, where villages were too small, the number of villages to be served by a co-operative society could be increased in the interest of viability. The aim should be to ensure viability with the inclusion of the smallest number of villages necessary, so that co-operative societies could achieve both viability and the essential characteristics of co-operation, namely, voluntary basis, close contact, social cohesion and mutual obligation. However, such extension should be subject to certain maximum limits, namely a population of 3,000 (that is, 600 families or about 500 cultivators’ families) and a distance of not more than 3 or 4 miles from the headquarters village.

“The broad test of viability should be the ability on the part of a co-operative society to meet the requisite expenses without depending upon financial assistance from Government except for a limited period. However, potential viability should always be assessed on the basis of a programme for fulfilling certain essential conditions, such as bringing into the co-operative all rural families, effective implementation of the village agricultural production plan, linking credit with production and with marketing, supervision of the use of credit, undertaking the functions of distribution and supply, and attracting local savings to the maximum possible extent, as share capital and as deposits. While a population of 3,000 might ordinarily be too high for a primary village society, it was considered desirable to avoid laying down unduly rigid rules on the subject of organisation and size of co-operative societies. Within this broad framework, co-operative societies should be allowed to develop on their own. Particular care should be taken to ensure that existing societies were not interfered

with merely because they did not strictly comply with the pattern of organisation now envisaged. The aim should be gradually to fit them into the new arrangements."

On the basis of the general approach stated above, the Committee on Co-operative Credit outlined its detailed proposals for State participation in share capital and other aspects of co-operative organization. The present policy follows these proposals and includes determination by State Governments of criteria for the viability of primary co-operatives, a programme for enabling potentially viable societies to become viable, and amalgamation or liquidation of weak societies.

The programme for the reorganization of primary co-operative societies described above has been under way for some years. The emphasis on intensive agriculture and on the adoption of high yielding varieties has increased the demand for credit and made it more urgent to complete the programme for reorganization at the primary level. The All-India Rural Credit Review Committee constituted by the Reserve Bank of India in July 1966, with B. Venkatappiah as chairman, submitted in December 1969, its exhaustive review of the rural credit problem in all its aspects. The Committee has reiterated the need for viable primary units and, while not seeking a decision in principle to change the policies agreed to in the early sixties, has suggested various directions in which relaxations in terms of area and population might be encouraged at the primary level. For a variety of reasons, more specially in view of the developments of recent years, the issue of size is now one of practical convenience and local acceptance rather than of basic policy. In varying situations the two sets of considerations which led to the debates of the period 1956-60 would still continue to be important. However, with the nationalization, in August 1969, of the major scheduled commercial banks, the larger demands for credit which have to be met, far exceeding the resources of the co-operative structure, and the greater emphasis currently given to the individual farmer as distinct from the rural community, the issue of viability of primary societies has to be seen in a different and more complex perspective than in the earlier period.

In the first half of the decade of the sixties, almost all aspects of co-operative development came under review by a series of special committees and in conferences of State Ministers of Co-operation and in other forums. These included, for instance, questions pertaining to credit, marketing, processing, farming, transport, labour and construction, training of personnel, administration, consumer co-operatives, non-credit co-operatives, relations between panchayats and co-operatives, and relations between co-operation and community development. To an extent, the wide range of these enquiries, each of which was conducted by a separate body with its own frame of reference, came in the way of

achieving a measure of synthesis in dealing with the practical problems of co-operative development. Useful in their own context, these enquiries lacked a unifying concept about the future organization of agriculture and the directions along which the entire rural structure was expected to develop over a period of years. Moreover, the serious failure of agriculture in 1965-66 and 1966-67 and the marked sense of economic crisis which enveloped the country in this period drew a curtain, as it were, on much that had gone before, and set the stage for a search for new policies.

### III. Statistics of Development

In this section we bring together a few leading statistics to show the growth of the co-operative movement. The period preceding the Five Year Plans was marked by expansion in the number of societies and in membership, but the scale of operations undertaken remained small. The Central Government had little or nothing to do with the development of co-operation, which was a task left to the provinces. The emphasis on co-operative development had been placed mainly at the lower levels of organization without sufficient recognition at this stage of the importance of wider institutional and governmental support. The Table below summarizes the growth of co-operative credit societies at the primary level over the period 1919-1920 to 1949-1950. A considerable administrative effort went into co-operation in the decade of the twenties; the thirties were a period of difficulty and stagnation, and only in the later years were the losses caused by the depression made good; during the forties, co-operatives gained from rise in agricultural prices and the growing demand for the products of small industry.

TABLE II  
Primary Co-operative Credit Societies, 1919-20 to 1949-50

<i>Primary Societies</i>	1919-20	1929-30	1939-40	1949-50
<b>Number</b>				
Agricultural	25,873	83,093	101,507	133,616
Non-agricultural	1,662	8,862	14,324	24,586
<b>Membership (000)</b>				
Agricultural	903	2,792	3,438	6,560
Non-agricultural	226	897	1,639	4,172
<b>Paid-up share capital (Rs. million)</b>	25	99	136	284
<b>Loans advanced during year (Rs. million)</b>	50	204	211	521

Since the early fifties, co-operative development has been an integral part of the scheme of national planning. This has aided the growth and

diversification of the co-operative structure and, at the same time, it has provided new criteria for assessing its progress and adequacy in relation to the requirements of the economy, specially in the agricultural sector.

The Table below traces the growth of primary co-operative credit societies since 1950-51:

TABLE III  
Co-operative Credit Societies, 1950-51 to 1969-70

<i>Primary Societies</i>	1950-51	1955-56	1960-61	1966-67	1969-70
<b>Number</b>					
Agricultural	104,998	159,939	212,129	178,735	162,700
Non-agricultural	7,810	10,003	11,995	13,616	14,816
<b>Membership (000)</b>					
Agricultural	4,408	7,791	17,041	26,709	29,766
Non-agricultural	2,178	3,073	4,573	7,485	7,942
<b>Share Capital (Rs. million)</b>					
Agricultural	76	168	578	1,286	1,811
Non-agricultural	121	191	330	664	876
<b>Loans advanced (Rs. million)</b>					
Agricultural	229	496	2,028	3,665	5,401
Non-agricultural	473	721	1,304	2,802	4,093

The co-operative structure for short and medium-term credit included at the end of 1969-70, in addition to primary co-operatives, 25 State co-operative banks, 342 Central co-operative banks, and 27 industrial co-operative banks. For long-term Credit, the institutional structure comprised 19 Central and 754 primary land mortgage banks. The performance of various institutions has been examined at length by the All-India Rural Credit Review Committee and will be referred to in the following section.

Since the early fifties, a factor of the greatest importance has been the role of the Reserve Bank of India in supporting the co-operative rural structure in a variety of ways, including short and medium-term advances for seasonal agricultural operations and marketing of crops, loans to State Governments for contributing to the share capital of co-operative credit institutions, and investments in debentures issued by land development banks. Both the scope and the scale of participation on the part of the Reserve Bank of India have increased steadily in response to growing needs for credit.

The Bank's role has been recently considered at length by the All-India Rural Credit Review Committee (1969). As the Committee has pointed out, the Bank undertakes, at the same time, financing functions, promotional, advisory and co-ordinating functions, and regulatory func-

tions. For the year ending June 1971, financial support from the Reserve Bank comprised the following:

TABLE IV

	<i>Limits Sanctioned</i> (Rs. million)	<i>Amount Outstanding</i>
<b>Short-term accommodation</b>		
For agricultural purposes	3,901	1,884
Fertilizer distribution	192	34
<b>Medium-term loans</b>		
For agricultural purposes	187.6	243
<b>Loans to State Governments</b>		
For share capital contribution	118.8	419.3
<b>Investment in debentures of land mortgage banks</b>	41.6	—

The expansion of the Indian economy over the past two decades has thrown up new opportunities for increasing co-operative activity outside the sphere of credit. Although there were some significant developments during the fifties, much of the increase, as shown in the Table below, has taken place in recent years only, and this trend is expected to gain in strength over the next few years.

TABLE V  
Primary Non-credit Societies

<i>Type of Society</i>	<i>1960-61</i>		<i>1968-69</i>	
	<i>Number</i>	<i>Membership (000)</i>	<i>Number</i>	<i>Membership (000)</i>
<b>Marketing</b>	3,108	1,468	3,342	2,633
Cotton ginning and pressing	128	59	162	118
Other processing	3,103	121	1,308	195
Sugar factories	66	177	99	419
Farming	3,184	88	8,143	211
Weavers'	11,803	1,311	12,373	1,259
Other industrial	21,288	1,217	34,909	1,693
Consumers' stores	7,058	1,341	13,913	3,531
Housing	6,451	379	15,029	996

At the end of 1968-69, the total number of non-credit societies of all kinds, including agricultural and non-agricultural, stood at 136,472, their total membership being over 18 million and working capital Rs. 10,791 million.

There has been significant advance in the consumers' co-operative movement, specially since 1962. In the main, the movement still serves

only the urban areas. By June 1970, the co-operative system included a national federation, 14 State federations, 375 Central or wholesale stores with 2,800 branch stores, and about 14,000 primary stores, of which about 3,500 were described as "dormant". A development in recent years in the larger cities has been the establishment of department stores (or super bazars), of which there are now over 100. At the end of 1969-70, the working capital of consumers' co-operatives amounted to Rs. 315 million, and their membership included 912,000 individuals and 17,265 institutions.

Co-operative processing and marketing now constitute important areas of co-operative enterprise. The co-operative structure for marketing consisted in June 1970, of 3,339 primary societies at the level of the local market, 162 Central marketing societies at district or regional level, 23 State marketing federations and a national federation. Primary co-operatives had as members 172,411 co-operative societies (mainly service co-operatives) and 2.46 million individuals. The total volume of agricultural business transacted by marketing co-operatives was estimated in 1969-70 at Rs. 5,990 million, which included Rs. 2,090 million in food-grains, Rs. 2,550 million in sugar-cane, and Rs. 1,350 million in other crops.

The movement for co-operative processing has gained considerable strength from the small beginnings made in the fifties. By the end of 1969-70, 1,617 co-operative processing units had been organized, including 84 co-operative sugar factories, 237 cotton ginning and processing units, 26 cotton spinning mills, 792 paddy processing units, 192 oil mills, and 38 fruit and vegetable units. Co-operative sugar factories licensed upto 1969-70 represent 47.3 per cent of the total licensed capacity of the sugar industry.

Agricultural production requisites supplied to rural areas through co-operatives include fertilizers, pesticides, seeds and implements. In 1969-70, the total volume of business in these commodities handled by co-operatives was Rs. 2,833 million compared to Rs. 2,534 million in 1968-69. Co-operative business in agricultural machinery is expected to pass progressively to agro-industries corporations which have now been established in all States. In recent years, storage capacity in the hands of co-operatives has increased gradually. In 1970, there were 15,000 rural godowns and 4,000 godowns with marketing co-operatives with an estimated capacity of 2.7 million tonnes. In rural areas, to a limited extent, co-operatives undertake the distribution of consumer articles, mainly through primary agricultural societies supported by marketing co-operatives. In 1969-70, they transacted business of the order of Rs. 2,257 million. Co-operative cold storages have increased steadily in recent years. By the end of 1970, 91 units had been organized and 67 installed.

In June 1969, there were in all 8,160 co-operative farming societies with 219,329 members, of whom 104,621 were agricultural labourers. The total area under cultivation was 280,435 hectares.

In June 1969, there were 15,029 housing co-operatives with a total membership of 999,526.

Spinning mills represent a comparatively new field of co-operative activity. By 1968-69, 61 co-operative spinning mills had come into existence with 15,317 societies and 116,714 individuals as members. They had in all 868,546 spindles.

Planned development and the growing requirements of the economy on the one hand and the need to improve the rural economic structure on the other have combined to strengthen conditions for the rapid development of co-operative activities. Under each of the Five Year Plans, sizeable financial provisions have been made for assisting programmes of co-operative development. Financial provisions for the support of co-operative activities have been made in the plans for agriculture, which mainly form part of the plans of States. Expenditure on co-operation in the First Plan (1951-56) amounted to Rs. 50 million, in the Second Plan (1956-61) to Rs. 380 million, and in the Third Plan (1961-66) to Rs. 770 million. Expenditure under annual plans during the period 1966-69 amounted to 639 million. The Fourth Plan (1969-74) provided Rs. 2,550 million for the development of co-operation.

#### V. Co-operative Credit

Developments in co-operative policy traced earlier had considerable bearing on the organization and pattern of co-operative credit. From the beginning, the stress was on making adequate supplies of credit available for agricultural production. The Bombay State Co-operative Bank had taken the lead in 1950 in providing finance to agriculturists on the basis of requirements for crop production in place of landed assets. The organizational and other aspects of the crop loan system were worked out at some length by the Crop Loan Evaluation Committee set up by the Bombay State Co-operative Bank, with Professor D. G. Karve as chairman (1958). The crop loan system envisages assessment of the cultivator's credit needs with reference to requirements for different crops, determination of credit limits subject to repaying capacity, advance of credit partly in cash and partly in kind, and linking of credit with marketing. In recent years, efforts have been made to extend the crop loan system, where necessary with modifications, in most of the States. There are, however, still large gaps in its coverage, as well as deficiencies in the procedures being followed. A series of recommendations on the subject were made by the All-India Rural Credit Review Committee (1969).

A number of complex factors enter into the expansion of co-operative credit. Many primary co-operatives and a proportion of Central co-operative banks are inherently weak. The Committee on Co-operative Credit (1960) made proposals for the reorganization and revitalization of primary credit societies. On the basis of these proposals, revitalization and strengthening of primary credit societies is now viewed as a programme calling for sustained action. The number of primary agricultural credit societies fell from 212,129 in 1960-61 to 162,700 in 1969-70, and is expected in due course to decline to around 120,000. Similarly, along with the reorganization of primary societies, a programme for rehabilitating weak Central co-operative banks is also being implemented. The main element of weakness is of course the farmer himself.

Special measures were needed for ensuring credit for low income farmers. A study undertaken by the Programme Evaluation Organization of the Planning Commission showed that in 1960-61 only about 15 per cent of the credit given by co-operatives was received by members with 1.21 hectares of land or less as against 39 per cent received by those with 2.02 to 4.05 hectares and 46 per cent by cultivators with still larger holdings. The Third Five Year Plan had laid stress on admission into co-operative societies as members of all classes of cultivators, including marginal and sub-marginal cultivators and landless tenants, and on providing them with adequate credit on the basis of their production. To facilitate such action, it was agreed that State Governments should make outright contributions to primary societies in relation to additional loans made during a year as against the preceding year. Outright contributions were also to be made to the bad debt reserves of Central co-operative banks in respect of additional finance provided by them. A higher level of outright grants was agreed to for intensive agricultural areas and for high-yielding varieties. To strengthen the management of credit societies, a subsidy was allowed for a period of three to four years, subject to certain financial limits and the actual deficits incurred. The measures led to some liberalization of credit facilities for the weaker farmers, but much more had to be done. The experience gained thus far was studied by the All-India Rural Credit Review Committee and, on the basis of its proposals, Small Farmers' Development Agencies are being established, to begin with, in 46 districts. While making use of the existing institutional structure, these agencies have been provided with modest additional resources to assist "potentially viable farmers" to obtain credit both for short-term and long-term purposes, with provision for an element of subsidy. The problems of small farmers go far beyond the grant of credit and the scheme is to be regarded at present as an experiment to be followed carefully.

The various measures taken to support co-operative credit have led to fairly rapid expansion in membership and in the volume of credit.

The expansion has not been as great as was envisaged in the Resolution of the National Development Council on Co-operative Policy in 1958, nor has it kept pace with the growing requirements of agricultural production. There are, moreover, certain features in the expansion of credit which have caused a measure of apprehension. In recent years, overdues have increased greatly in volume as well as in proportion. They amounted to Rs. 440 million in 1960-61, Rs. 1,250 million in 1965-66 and Rs. 2,680 million in 1969-70. As a proportion of outstanding loans, overdues have increased from 20 per cent in 1960-61 to 29 per cent in 1965-66 and 37.7 per cent in 1969-70. In some States, the proportion of overdues has been exceedingly high.

Increase in the scale of operations has not always been accompanied by adequate control over the use of credit. The Programme Evaluation Organization's Study referred to already showed that 23 per cent of the amount borrowed for short-term purposes was diverted to uses other than those intended. In the case of medium-term loans, the proportion was even higher, being as much as 35 per cent. For short-term and medium-term loans together, the extent of diversion was estimated at 28 per cent.

Credit co-operatives at various levels have tended to develop certain organizational weaknesses to which the leadership of the co-operative movement has paid insufficient attention. Experience has shown that, in their day to day operations, co-operatives, which are basically intended to protect the small man from exploitation, may all too easily favour the strong at the expense of the weak and themselves become an instrument for the acquisition of economic power and for securing larger facilities for the better off cultivators. Co-operative principles such as open membership, democratic control, genuine leadership and continuous improvement in efficiency and operational practices cannot be ensured without responsible supervision by the higher levels of the co-operative structure and leadership, extensive education of members and officials, widespread vigilance and inner democracy within every organization that describes itself as a co-operative.

It is customary to record together statistics of short and medium-term loans advanced through co-operatives. In point of fact, these loans are almost wholly short-term in nature. Between the general co-operative structure which caters mainly to short-term credit and land development banks which provide long-term credit, the need for medium-term loans, which are required for a variety of productive agricultural purposes, is but poorly served. The proposals made by the All-India Credit Review Committee (1969), being limited to minor modifications of existing practices, do not promise a material change in the present situation. The amount of medium-term credit disbursed by co-operatives during the year increased between 1960-61 and 1969-70

from Rs. 200 million to Rs. 523 million. Credit limits sanctioned by the Reserve Bank of India, which stood at Rs. 188 million in 1970-71, were utilized to the extent of 63 per cent.

Long-term agricultural finance is a pressing need to which increasing attention has been given in recent years. At the end of 1969-70, there were 19 Central land development banks at the State level and 809 primary land development banks. Between 1950-51 and 1969-70, loans advanced to individuals increased from less than Rs. 14 million to Rs. 1,132 million and loans outstanding from Rs. 66 million to Rs. 3,668 million. Significant progress was made after 1960-61. The Reserve Bank of India, the State Bank of India and the Life Insurance Corporation have together extended growing support from year to year for the purchase of debentures of land development banks. The total amount of debentures floated in 1970-71 was estimated at Rs. 1,270 million.

An institution of potential importance came into existence with the passing of the Agricultural Refinance Corporation Act, 1963. The Corporation provides refinance facilities to co-operative banks as well as joint stock banks in the form of medium-term and long-term resources for special schemes of agricultural development undertaken on a project basis. These facilities are intended to supplement long-term resources provided by land development banks. In respect of schemes implemented through land development banks, the Agricultural Refinance Corporation generally provides 75 per cent of the funds, Government providing the remaining 25 per cent. By the end of 1969-70, the Corporation had entered into commitments in respect of 371 agricultural schemes, amounting in all to Rs. 2,150 million. Of this amount, Rs. 590 million had been drawn. The States which have been able to take material advantage of facilities offered by the Agricultural Refinance Corporation include Andhra Pradesh, Gujarat, Karnataka, Punjab, and Tamil Nadu.

In recent years, growing concern has been felt about disparities in levels of co-operative development in different States in the country. These express themselves in many ways, for instance, in the degree to which cultivators continue to depend on agricultural money-lenders and other non-institutional sources of finance, volume of resources and operations of the co-operative system, overdues, etc. The All-India Rural Debt and Investment Survey, 1961-62, organized by the Reserve Bank of India to record changes since the Rural Credit Survey of 1951-52, threw considerable light on this problem. The Survey also showed that non-cultivator households had been virtually neglected by co-operative organizations. Thus, while co-operatives of all kinds accounted for 15.5 per cent of the total borrowings of cultivator households, in the case of non-cultivators, the proportion was 5.3 per cent. The borrowings of cultivators from co-operative institutions amounted to Rs. 1,605

million, and those of non-cultivators to Rs. 109 million.

The problem of uneven development as between different parts of the country received close attention from the Informal Group on Institutional Arrangements for Agricultural Credit, which included several leading figures of the co-operative movement and reported to the Reserve Bank of India (1964). The following Table, based on the Group's analysis, illustrates the situation of cultivators as between different States:

**Table VI**  
Co-operative Credit: Cultivator Households, 1961-62

<i>State</i>	<i>Members of co-operative societies as proportion of cultivator-households (%)</i>	<i>Proportion of borrowing members to total cultivator-households (%)</i>	<i>Loans and advances by co-operative institutions as proportion of total borrowings (%)</i>
(1)	(2)	(3)	(4)
1. Maharashtra	53	34.9	54.9
2. Gujarat	47	30.3	40.9
3. Madras (Tamil Nadu)	86	40.1	30.9
4. Orissa	13	6.5	27.6
5. Punjab	88	42.2	27.1
6. Madhya Pradesh	23	15.6	24.8
7. Uttar Pradesh	39	22.5	23.6
8. Andhra Pradesh	38	20.2	21.9
9. Mysore (Karnataka)	55	25.5	18.9
10. Jammu and Kashmir	50	43.2	17.8
11. Kerala	49	21.6	16.2
12. West Bengal	19	8.4	9.9
13. Assam	19	2.4	6.4
14. Rajasthan	28	9.9	5.2
15. Bihar	18	4.9	4.1
All India	39	19.7	23.6

The uneven rate of development of co-operation in different States is explained by a number of institutional and other factors. The conclusion to be drawn from a study of these factors is that for the development of co-operative credit along sound and promising lines, there is need to evolve approaches appropriate to the conditions of each State. This aspect was considered by the Informal Group mentioned above. The Group affirmed that co-operatives were the best institutional agency for providing agricultural credit. The structure and policies already developed could ensure adequate credit facilities for agricultural production in areas of relative progress such as the States of Maharashtra, Gujarat and Tamil Nadu. In these, with improved implementation, further progress could be hoped for. There were also a number of States which fell within an intermediate category in which, if the

requisite efforts were made over a period, co-operative development on an adequate scale could still be secured. There was a third group of States in which the task of providing agricultural credit and building up the necessary institutions was one of formidable dimensions. These included Assam, West Bengal, Bihar, Orissa, Rajasthan, Manipur and Tripura. While the long-term approach in these areas would be in favour of development along co-operative lines, in the first phase, a series of remedial measures were called for. Since societies at the primary level were generally weak and revitalization would take time, it would be necessary to arrange for financing of cultivators by Central banks directly; in some cases, even primary societies might have to be financed by banks. At the primary level there would be need for a prolonged and thorough programme of rectification and revitalization. At every stage, it would be important to strengthen co-operative administration and leadership. The Informal Group proposed that, as a transitional arrangement, in the States of Assam, Bihar, Orissa, West Bengal and Rajasthan, agricultural credit corporations should be set up by the State Governments concerned under enabling legislation to be enacted by Parliament. Normally, the agricultural credit corporation should function in areas in which active co-operatives were not available or where existing co-operatives could not be easily activated. In other words, areas of operation for credit corporations should be demarcated in advance. Being conceived of as transitional arrangements, in principle, the corporations should be in a position to withdraw from the field when the agricultural co-operative structure was able to take over responsibility for credit. The corporations should provide short-term loans for agricultural production on the basis of the crop loan system, conducting their operations so that, eventually, the building up of an effective co-operative network was facilitated. Legislation on the lines proposed by the Group was enacted in 1968.

With the development of improved types of agriculture through programmes for intensive areas and for high-yielding varieties, a growing segment of agriculture is assuming a commercial character. As the estimates brought together in the Report of the All-India Rural Credit Review Committee (1969) bear out, credit requirements of agriculture are increasing rapidly and are becoming more varied and complex. For some years, the need was being already felt to draw commercial banks into the sphere of agricultural credit, while emphasizing at the same time that co-operatives should be developed as the main institutional agency for the provision of credit for agriculture. The issue came to a head in 1968 when, as part of the scheme for social control over banking, the National Credit Council constituted a Study Group under the Chairmanship of D. R. Gadgil, on Organizational Framework for the Implementation of Social Objectives. With the nationaliza-

tion, in August 1969, of the major commercial banks, it became possible to view the commercial and co-operative structures as complementary and mutually supporting. Each structure had its strong and weak points. These were analyzed by the Study Group which came to the conclusion that commercial banks could help fill large gaps in the sphere of agricultural production credit and that the best approach to co-ordination between the nationalized and the co-operative banks would be to relate their respective contributions to the requirements of specific districts. Following this "area approach", in 57 districts in the States of Andhra Pradesh, Karnataka, Madhya Pradesh, Haryana and Uttar Pradesh, financing of 2,121 co-operative societies has been entrusted to commercial banks through their branch offices. Through standing committees at the State level and procedures drawn up by the Government, the Reserve Bank of India and others concerned, it is hoped to ensure the necessary co-ordination, and to facilitate the operations of commercial banks without cutting the ground from under the co-operative system. The working of these and related arrangements will need to be observed carefully, for, essential as it is to meet the credit gap, it has to be remembered that there is in the existing circumstances a marked bias in favour of better-placed farmers and the more favourably situated regions and areas and that, without strong pressures in the contrary direction, this bias is likely to be further strengthened. The possibility that over a period co-operatives may come to be regarded increasingly as agencies designed to serve the weaker sections among cultivators rather than the rural community as a whole will have to be guarded against. Likewise, there will be need for vigilance lest co-operatives come to identify themselves with the 'viable' and the middle and upper group of farmers and seek to turn over to new rehabilitation finance agencies the requirements of the petty farmer, the tenant, the artisan and the landless farmer.

The progress and effectiveness of co-operative credit hinges largely on steps taken to link credit with marketing. Although some advance has been made and progress, specially in Maharashtra and Tamil Nadu, can be described as notable, in the country as a whole, the link between credit and marketing is still far from established. Thus, in recent years there has been little significant change in the proportion of primary societies affiliated to marketing societies, or in the proportion of short and medium-term loans advanced by credit societies recovered through sale proceeds. In a favourable agricultural year, such as 1964-65, these proportions stood respectively at 60 and 30 per cent. Marketing of produce through co-operatives is an essential element in a system of production-oriented credit, but it is not enough merely for loans advanced by co-operatives to be recovered through such sales. Indeed, the aim must be that, besides such re-

coveries, co-operative marketing should become the normal mode of sale for all agricultural produce. The direct and indirect benefits of strengthening co-operative marketing are of consequence equally for the cultivator and the national economy as a whole. The details of the action required are already well established, and the essential question is one of effective implementation.

#### V. Co-operative Marketing and Processing

The principle of State partnership in co-operatives has been an important factor in the expansion of co-operative marketing. Nearly three-fourths of primary co-operatives are at present organized on this basis. Co-operative marketing societies are now able to assume expanding functions in the context of State trading, in the procurement operations of the Food Corporation of India, and in developing exports of commercial crops. In States in which the Food Corporation of India has been appointed as the sole procuring agent on behalf of the Government, as a rule, co-operatives are utilized as sub-agents side by side with private agencies. In Maharashtra, Karnataka, Assam, Tamil Nadu, Punjab, Kerala, and Gujarat, co-operatives are used as the only purchase agency for Government either in specified areas or in relation to specified crops. In inter-State trade and in the export of products like banana, copra, oil-cakes, onions, fruits and vegetables, marketing co-operatives are beginning to participate on a growing scale.

Reference has been made earlier to agricultural business transacted by marketing co-operatives. In the distribution of fertilizers and other agricultural requisites, the earlier trend to enlarge the scope of co-operatives has been recently reversed to an extent, specially for fertilizers. In 1969-70, co-operatives distributed fertilizers to the tune of Rs. 2,325 million. Beginning in 1966-67 with an option to fertilizer factories to sell 30 per cent of their output in the free market, the concession has now been extended to their entire production if they so choose. The emphasis in public policy has shifted, consequently, from assuring a clear-cut area of opportunity through supply of adequate credit and other support to enabling co-operatives to compete on more or less even terms with private trade. It is yet early to judge the results of this change of policy.

Marketing and distribution operations on any considerable scale involve problems of organization and management whose importance has been fully recognized. A committee on Co-operative Marketing, which reported in 1966, recommended a three-tier structure in marketing co-operatives, with the apex society at the State level, primary marketing societies at the level of the local market, and branches of the apex marketing society at district or regional level. To assist changes along these lines, it has been proposed that, where federations already exist

at the district level, as part of a three-tier structure, they should gradually divest themselves of those functions which fall properly within the purview of primary marketing societies.

Marketing, distribution and supply constitute a connected set of activities, and it is considered desirable that these should be combined within the same co-operative. In some areas, where particular crops predominate, there is scope for marketing societies dealing with individual commodities, but, frequently, in view of the scale of business and the economies available, the interests of co-operative development are better served through general marketing co-operatives.

The contribution which co-operative processing could make to the strengthening of marketing facilities and adoption of improved and scientific methods in agriculture is best illustrated by the growth of co-operative sugar factories, to which reference has been made earlier. From the production of sugar, co-operative processing has now extended to the manufacture of by-products like alcohol, and recently licences have been given to co-operative units for the manufacture of newsprint and paper from bagasse.

In the expansion of processing in branches of industry other than sugar, there has been a fair amount of development in the co-operative sector over the past decade, but the growth has been generally less satisfactorily planned and supported and has been somewhat sporadic.

The emergence of an industrial sector in the co-operative movement has inevitably brought up problems of organization and management similar to industry in general. Foremost among these is the question of efficiency in management, training and employment of managerial cadres, planning of projects, finance and profitability of individual enterprises, and conditions for the effective utilization of available capacities. In May 1967, a National Institute of Co-operative Management was established for providing basic training in management to co-operative personnel. The practical working of co-operative industrial establishments has reinforced the view that co-operation must succeed in its business aspects if it is to fulfil its role as a movement deriving substantial local support within each region. The various problems which need to be resolved in this connection were reviewed in 1961 by a committee on co-operative processing and, in 1968, by an expert committee on financing of co-operative processing.

## VI. Consumer Co-operatives

In several countries, consumer co-operatives account for one-fifth or more of the total volume of business in the distribution of consumer goods and serve both urban and rural areas. They are, thus, able to act as a check on private traders in price and quality and, in turn, they

are themselves compelled to observe high standards of efficiency. In essential commodities of daily use, their role is invariably much larger than in luxury, semi-luxury or branded products. In this sense, in India, consumer co-operation has yet to become a really significant movement. During the Second World War, with a view to participating in the distribution of articles whose prices were sought to be controlled by the Government, numerous primary stores were set up. In 1951-52, there were 9,757 primary stores with a membership of 1.85 million and a total business of Rs. 820 million. The numbers fell until, in 1957-58, there were 6,435 stores with less than 1.4 million members and a total business of Rs. 230 million. Of these, only a third were running at profit. The original Third Plan targets were modest, providing for the formation of 50 wholesale and 2,200 primary stores. However, following the emergency in 1962, with a view to the distribution of essential consumer goods at reasonable prices, countering price increases and protecting the public interest, an expanded programme was taken in hand.

In June 1966, following the devaluation of the rupee, when inflationary pressures were likely to become more intense, the Central Government sponsored a new programme, which included the setting up of 101 additional wholesale stores, 2,000 primary stores and 43 department stores. It was envisaged that, over a period, all districts with an urban population of 50,000 or more should come to possess wholesale co-operative stores of their own and, further, that department stores should be established in all cities with a population of 100,000 or more. Besides consumer co-operatives in towns and cities, under schemes sponsored by the Ministries concerned, there were in 1967-68, 2,236 primary consumer co-operative stores in industrial undertakings employing 300 workers or more, and 426 consumer co-operatives organized by workers on the railways, and 13 among coal and mica workers. Beginnings have also been made in the organization of consumer co-operatives for Central and State Government employees and at university centres. For the rural areas, a modest start was made in 1963 with retail distribution by co-operative marketing societies at the centres at which they functioned, distribution in the villages being done through service co-operatives affiliated to them. Thus far, the impetus for the setting up of consumer co-operatives has come mainly from the Government in the shape of assistance towards share capital, grants for fittings, fixtures, godowns and vehicles, and managerial subsidies. While there cannot yet be said to be an independent consumers' co-operative movement functioning on a country-wide basis, conditions are ripe for the growth of such a movement, and efforts have been and are being made to solve some of the practical, financial, management and supply problems of consumer stores, to provide for supervision and inspection, to enlarge

the size of co-operative stores, and to diversify the range of business. With effective and sustained support from the Central and State Governments and from civic agencies, it is now possible to achieve growth on a large scale. It is clear from the experience of recent years that, in the distribution of essential commodities, unless efficient management, adequate training, careful selection of personnel, financial resources, and appropriate state policies are combined, the consumer's co-operative movement will not gain the strength needed to stand on its own. In a market economy, in which private industry already holds a high proportion of current resources and business, consumer co-operatives face an uphill task. While they can benefit from economic growth at the national and regional level and, in a measure, from public support, it is yet essential that they develop greater operational efficiency.

### VII. Co-operative Farming

India's Fourth Five Year Plan for the period 1969-74 has the following to say on co-operative farming in its chapter on Approach and Policy;

"Co-operative farming, on a voluntary basis, has been officially accepted as the way out (in tackling the problem of full and proper utilization of the land surface). However, so far no substantial progress has been made. Problems of motivation and organization met with in this approach have not yet been successfully solved on any significant scale. Moreover, it has not been sponsored actively enough by any large group or body of opinion within the country. Therefore, except for continuing the present schemes of encouragement of co-operative farming it has not been possible to propose any additional programmes in this plan."

This statement is a far cry from the views advanced in earlier Plans, and more specially in the Second Plan (1956-61) and in the Third Plan (1961-66). Whatever the hesitations in official policy at the present time, the inherent situation of the landless labourer, the tenant cultivator and the small and petty peasant can be expected to compel a measure of rethinking over the next few years in the approach to co-operative farming. Therefore, recognizing the practical lessons of implementation which have been learnt over the past 15 years and the pitfalls and limitations which doubtless abound, the earlier formulations of objectives and approach constitute a more dependable guide to public policy than those recently advanced or the apparent neglect of the role and significance of farm co-operatives in the current phase of development.

In earlier statements of policy, co-operative farming was looked upon as a major line of advance in the reconstruction of the rural economy, so that small peasants, landless agricultural labourers and those now

cultivating as tenants may find equal opportunity in an expanding and increasingly diversified economy. The goal accepted in the Second Plan and maintained in the Third Plan and reiterated somewhat less clearly in the Draft Outline for the period 1966-1971, which was presented in 1966, is that, over a period, a substantial proportion of the agricultural lands of India should come to be cultivated along co-operative lines. It was stressed, first, that measures of land reform and, in particular, the application of ceilings and the reduction of large disparities in the ownership of land would yield adequate benefits only if they were followed by greater co-operation in agricultural production. Secondly, while providing for aid and guidance from Government and institutional agencies, the growth of co-operative farming was visualized as a movement in the interest of the mass of the rural community, pursued mainly through their own leadership and voluntary effort. Thirdly, within the scheme of land reform, individual rights in land were to be fully assured and provided for in terms of an additional dividend over and above the income derived from work. It was realized that there are important technical and organizational problems and, to their solution as well as to the training of personnel, the utmost attention must be given. The emphasis, therefore, was on sound rather than on spectacular development.

However important its potential role, even under favourable conditions, co-operative farming is a difficult movement to succeed. Large and middle farmers are instinctively sceptical of its consequences and small peasants are also not easily convinced that the movement would be to their advantage. The existing balance of power in the rural community, which recent developments have tended to accentuate, runs strongly against the growth of co-operative farming. Case studies of co-operative farming experience undertaken over several years have brought out the fact that if co-operative farming societies are formed by groups of persons with a view mainly to receiving certain benefits or evading agrarian legislation, evil practices easily creep into them, and the genuine cause suffers grievously. Notwithstanding all the difficulties, the Committee of Direction on Co-operative Farming headed by D. R. Gadgil, which reported in September 1965, observed as follows: "Our survey and the case studies reveal notable progress in respect of some pilot as well as non-pilot societies and, at the same time, considerable failures. The areas of success have been those in which there was a conjuncture of favourable circumstances. It is obvious that having discovered these areas special attention must be paid to conservation of results achieved and utilization of the favourable climate for further planned progress. We have found that the crucial elements were non-official leadership, support of co-operative institutions and intelligent operation of governmental agencies."

Accordingly, the Committee made detailed recommendations, which need not be gone over here, but which cover questions as varied as the development of local leadership, size of farm, return for ownership and distribution of income, emphasis on employment and agro-industries, farm management practices, assistance from Government and co-operative institutions, land allotment policies, and the priorities and programme of work for the future. It is also unnecessary to consider, in the present context, the major areas of policy on which there is controversy and the critical issues on which clarity and a sense of direction are essential before much progress can be hoped for.\*

Some advance has been achieved in recent years, but much remains to be done, and it cannot yet be said that the support available from the Central and State Governments and the various executive and co-operative agencies is of a character calculated to lead to the fulfilment of the objectives laid down and accepted in the Second and Third Five Year Plans. Progress upto June 1969, is summarized in the following statistics:

Table VII

Number of co-operative farming societies	..	8,160
Number of members	..	220,047
Area (hectares)	..	420,783

### VIII. Other Co-operative Activities

Under the influence of general policies in support of co-operation, co-operative activities have expanded steadily into several new fields. This is not to suggest, however, that much more than a relatively small part of the potential of co-operation in the given conditions of India has yet been realized. In this section, we review briefly the growth of co-operation in industry, labour and construction, forestry, dairying, poultry, fisheries and housing.

**Industrial Co-operatives:** Industrial co-operatives fall into two main categories: weavers' societies and other industrial societies. In June 1969, there were 12,566 primary weavers' societies, 106 Central societies and 23 apex societies. About one-half of the primary weavers' societies were dormant. The total value of cloth produced by weavers' societies in 1968-69 amounted to Rs. 456 million. Other industrial co-operatives included 20 State, 112 Central and 34,909 primary societies. Of primary societies, a little less than one-half were active. The total value

\*In this connection, attention is invited to the contributions to the F.A.O. Regional Seminar on Co-operative Farming for Asia and the Far East, New Delhi, May 2, 1966, published in the *Indian Co-operative Review*, Vol. III, No. 4, July 1966 and the writer's paper on *Approach to Co-operative Farming*, published in *Towards An Integrated Society* (Orient Longmans, 1969), pages 141-156.

of production in 1968-69 was Rs. 302 million. The Table below shows the distribution of these societies by industry:

Table VIII

Other Industrial Societies: Distribution by Industry, June 1969

Industry	Number of Primary societies		Number of individual members in active societies	Paid-up capital (Rs. 000)
	Total	Dormant		
Flaying and tanning	2,200	1,647	16,565	3,040
Pottery	1,448	723	26,256	1,854
Hand pounding of paddy and cereals	1,981	1,260	29,372	2,087
Oil crushing	4,117	2,143	41,570	6,496
Palm gur	5,091	1,934	299,650	3,309
Cane-gur and <i>Khandsari</i>	862	498	11,590	3,067
Other village industries	4,667	2,567	146,820	11,109
Handicraft industries	2,445	1,359	62,097	4,819
General engineering	2,057	827	41,934	18,588
Chemical engineering	590	425	14,848	6,936
Leather goods	2,119	1,398	19,765	2,849
Construction materials	1,050	602	20,692	4,178
Sericulture	158	99	15,001	517
Coir	673	254	87,142	1,330
Spinners' societies	259	140	16,938	413
Others	5,193	2,439	186,025	35,951

In recent years there has been a measure of stagnation in the growth of primary industrial co-operatives of all types. Many of them have existed on sufferance or even nominally. Being among the weaker elements in the structure of different industries, whatever difficulties confront the latter have a harsh impact on industrial societies. Besides problems of finance, management and opportunity for productive business, these societies call for much greater attention from industrial administrations than they have received or are currently receiving, and their own organization at each level has been generally inadequate.

**Labour and Construction Co-operatives:** The role of labour and construction co-operatives in carrying out works in rural areas, in undertaking tasks now left to contractors, and in harnessing manpower resources, specially in the context of masses of landless labour and rural works programmes, has been emphasized in the Five Year Plans. Some measure of state support is assured but, in actual practice, it does not add up to a great deal, and as yet the necessary conditions of policy and organization remain to be established. At the end of 1968-69, there were 5,245 labour and construction societies, with 318,146 members, and works of the value of Rs. 112 million were executed during the year.

**Forest Co-operatives:** In areas inhabited by tribal communities, notably in the States of Maharashtra and Gujarat, as a matter of policy, considerable emphasis is now being given to the development of forest co-operatives. At the end of 1968-69, there were 1,584 forest co-operatives with about 141,848 members, and works of the value of about Rs. 52.4 million were executed by them during the year.

**Dairy, Poultry and Fisheries Co-operatives:** Urbanization and increase in urban demand for milk and milk products have provided a favourable economic setting for the growth of a dairying industry. In the supply zones of milk plants, it has been a natural development for farmers to organize themselves along co-operative lines. At the end of 1970, out of 106 dairy plants in operation in the country, 32 were already in the co-operative sector. Between 1960-61 and 1968-69, the number of primary milk co-operatives increased from 3,200 to 10,000, their membership and share capital increasing respectively from 233,000 to 773,000 and from Rs. 4.9 to Rs. 21.3 million.

Poultry co-operatives have also benefited from the growth of urban demand, but on a much smaller scale than dairy co-operatives. At the end of 1968-69, there were 883 poultry co-operatives with a membership of 42,913 and a total volume of business of Rs. 11.67 million.

Progress in fisheries co-operatives in recent years can be described as real, yet modest. In 1968-69, there were 3,994 fisheries co-operatives with 438,737 members—about a third of the fishermen in the country—and a share capital of about Rs. 15 million.

**Housing Co-operatives:** Urban growth and the extreme difficulty experienced by middle and lower middle income groups in obtaining building sites and finance in cities and towns have led to the development and even mushrooming of housing co-operatives. At the end of 1968-69, there were 18 State level and 15,029 primary housing co-operative societies.

Co-operative forms of organization are readily adopted in several other fields of activity, such as road transport, health, organization of activities such as those of taxi-cab owner-drivers, rickshaw pullers, washermen, etc. In these and other directions, co-operatives are making some headway. They certainly could achieve better results with sound management and greater supervision of their current operations.

### IX. Training and Administration

Since the Rural Credit Survey, much attention has been given to the intensive training of personnel serving co-operative departments and

co-operative institutions. In recent years, as co-operation has entered new and specialized fields and the federal approach to organization has been extended, the need for personnel trained in specific jobs has also greatly increased. For several years, training programmes in co-operation were planned and executed under the direction of an *ad hoc* high-level committee. This responsibility has passed to the National Co-operative Union which now runs an all-India institution, the Vaikunth Mehta National Institute of Co-operative Management for the training of senior officials. There are 13 training centres for intermediate personnel and 62 for junior personnel. There are also nearly 600 peripatetic units for training members and office-bearers of co-operative unions. At the end of 1970, the total number of senior officers trained to the time was reckoned at 1,676, of intermediate personnel at 11,786, and of junior co-operative personnel at 87,793. Each year, some 200,000 members and office-bearers of co-operatives are given training in the principles and practice of co-operation.

Though co-operative development accounts for only a small part of the total area of economic and social activity open to it, expansion from year to year even on the scale recorded in the preceding sections represents an enormous administrative challenge, which has yet to be met in any adequate degree. There has been significant expansion at various levels in the departments concerned as well as in the main co-operative agencies. There are acute problems of organization, efficiency, supervision and personnel which call for thorough and systematic consideration and much new thinking. An attempt was made to carry through such a review in the report of the Committee on Co-operative Administration under the chairmanship of Vaikunth L. Mehta in 1963, but too little has been done since to follow through with the recommendations made. Among administrative problems which have assumed increasing importance, as co-operative activities have expanded, are the role and organization of co-operation as a voluntary movement, relations between co-operative organizations and Government agencies, management of co-operative enterprises, protection of the public interest, promotion of co-operation in the interests of the weaker sections of the community, and prevention of forms of exploitation which can and do arise frequently in the name of co-operation and in total contradiction to its spirit and objectives. These and other matters of organization, direction of policy and public education and support have great urgency and seriousness. At the end of a period of wide-ranging advance, mixed and uneven though this has been, these problems and their ramifications leave cause for genuine concern.

## B. COMMUNITY DEVELOPMENT

### I. Purpose and Method

The choice of community development as the spearhead of work in the rural areas and other developments which have ensued from this decision, which was made as far back as 1952, should be understood as against certain perspective. As stated in the Introduction, the idea existed in several incipient forms many years before independence, and some pioneer experiments had been undertaken. The emphasis was then on the individual, on the human approach, and the focus was on the village. At this stage, agriculture had not yet emerged in the general thinking of the country as the crucial sector of economic development. In a small way, various agencies of Government were attempting to carry their modest programmes of work and technical advice to the rural areas, each barely able to scratch the surface and baffled by the enormous size of the task. There was little to unify and provide direction to the diverse activities in which different agencies were engaged. The nature of economic and social development, seen either as a process or as a goal, was but dimly understood; the time was not yet ripe for it.

In the early fifties, a combination of circumstances arose which made community development a necessary and logical course to follow. There was, first, the commitment to an overall national plan which would cover all aspects of social and economic life. In the setting up of a genuine democracy, with the support and participation of the people, the aim was to rebuild the economy of India and reshape and modernize her social institutions and attitudes. Secondly, there was the concern, which Gandhiji had expressed continuously in his life and work, with the problems of poverty in the villages. The peasant's life was one organic whole. It was not segmented in the manner of departments and activities of Government. The man and the community were but two sides of the same question; neither could advance without the other. The community comprised not only those who had land, much or little, but also those who cultivated as tenants or worked as labourers and artisans, and others in the village. The method of development to be followed should provide for them all, not merely for some, leaving others to their fate. The shortage of food and raw materials, following the war and partition, was a cause of imbalance, hardship and inflation, and had to be overcome as swiftly as possible. The technological imperatives of agriculture at this stage were not seen as fully as they came to be in later years, but V. T. Krishnamachari's own experience in Baroda had emphasized the value of rural extension, an impression

reinforced from what was then known in India about the changes brought through the work of extension services in the United States. The work of Albert Mayer and his associates at Etawah in Uttar Pradesh had drawn pointed attention to the practical value of 'development blocks' as suitable areas of action and to the role of multi-purpose village level workers in working with the people, helping to change attitudes and stimulate self-help on the part of local communities. The Grow More Food Committee and, earlier, the Fiscal Commission, both headed by V. T. Krishnamachari, gave him an opportunity to stress the fact that the administration at the district level had to be transformed into an agency for welfare and development and that, through the provision of extension and other services, the people had to be given the means and the capacity to expand production and, increasingly, to provide for themselves the amenities and other conditions for economic and social progress. Other circumstances aided the process, for instance, the interest of the Ford Foundation in rural extension projects and the conclusion of an agreement with the United States for technical co-operation in community projects.

Through 1952-53, as work in the first fifty project areas was being taken in hand, the concept of community development as a programme of development to be carried out on a nation-wide scale took fuller shape. Some cautioned against the pace. There were inconsistencies which were not reconciled as, for instance, the distinction made in the early years between the idea of a 'national extension service', with emphasis on agriculture and small outlays for other activities, and 'community development' which was thought to be more varied in its impact and would cost more. Soon, also, it came to be seen that there were severe limits to what even devoted extension officials could hope to achieve unless the people were motivated, responsibility placed on them, and resources of leadership and initiative within the rural community brought into play. Nevertheless, important decisions had been taken and action in the villages was under way and, with pardonable pride, Jawaharlal Nehru, who was himself so much the inspiration of this tremendous adventure, spoke of community projects as 'centres of human activity which are like lamps spreading their light more and more in the surrounding darkness'. "This light has to grow" he said, "till it covers the land". Community programmes were at least a vital part of the answer to the question, as he put it many years later, 'how is one to draw the 80 per cent people in rural India out of their ancient ways and habits and their methods of thinking'?

After experience had been gained for a period of three to four years, early in 1956, the Committee on Plan Projects, which had then been constituted under the aegis of the National Development Council, set up a Study Team to consider certain questions relating to the execution

of the community development programme, including co-ordination, personnel, peoples' initiative and participation and methods of reporting. Later, proposals for introducing democratic processes and representation at the block and district levels, which had been broadly outlined in the Second Five Year Plan, were also referred to this body for detailed consideration. The work of the Study Team, which was headed by Balwant Rai Mehta, had two important results. First, it removed the contradiction mentioned earlier between community development and the extension service and gave a unified conception to the programme. In each development block, the programme was to pass through two stages, each of five years, a larger outlay being provided for in the first stage than in the second. From this scheme emerged the notion of a 'pre-extension' and a 'post-extension' period. The block was to be the unit of development, so that the idea of a 'block plan' within the framework of a 'district plan' and comprehending 'village plan', was seen as a natural evolution. The second and, on a long view, the more fundamental contribution of the Study Team was to give shape to the idea of democratic decentralization or local democracy, to which Jawaharlal Nehru, who was greatly drawn to the values implicit in it, gave the name of Panchayati Raj. By Panchayati Raj is meant a network of civic institutions at the village, block and district levels to which responsibility for development is decentralized by the State Governments, accompanied by appropriate resources and delegations of power.

The proposals of the Study Team on the organization of the community development programme were accepted and given effect to. However, as the end of the ten-year period envisaged at the time drew near in many areas, it began to be realized that rural development was a more long-drawn and complex process and new decisions would be needed. The proposals on Panchayati Raj were also accepted in principle and it was left to each State to enact the necessary legislation after determining whether the main point of decentralization should be the district or the block. Whatever the decision, it was important to stress the key role of Panchayats at the village level, and to ensure that democratic institutions at various levels were linked together into an organic structure and were provided with the necessary administrative and organizational support. It was also visualized that voluntary organizations and the co-operative movement would be conceived of as part of rather than as mere adjuncts to Panchayati Raj.

## II. Programmes and Progress

For carrying out the national programme of community development, the country was delimited into 5,265 development blocks. At the end

of September 1969, 2,071 blocks had completed twelve years of developmental work and had entered the 'post-extension' period, 2,496 were in the second stage, and 693 were in their first five-year period. The coverage of community development activities expanded as shown below:

Table IX

	<i>Upto</i> 1955-56 ( <i>First Plan</i> )	<i>Upto</i> 1960-61 ( <i>Second Plan</i> )	<i>Upto</i> 1965-66 ( <i>Third Plan</i> )	1969-70
A. 1. Number of blocks allotted	1,075	3,137	5,242	5,265
2. Population (millions)	69	203	404	405
3. Number of villages (000)	143	364	565	567
B. Number of blocks in				
(a) Pre-extension stage	—	490	17	—
(b) Stage I	1,075	2,258	2,315	495
(c) Stage II	—	879	2,168	2,422
(d) Post-Stage II	—	—	760	2,348
Total:	1,075	3,627	5,260	5,265

The nucleus block budget was placed at Rs. 1.2 million for the first five years and at Rs. 0.5 million for the second period of five years. These amounts were to be supplemented for specific programmes of development from provisions made in different sectors of the Five Year Plan, the block and the block organization being viewed as vehicles for transmitting resources, technical advice and impulses for action at the area level. For tribal development blocks, additional provisions to the extent of Rs. 1 million in the first stage and Rs. 0.5 million in the second were to be made from the appropriate sectoral allotments. The total expenditure on the community development programme over the fifteen year period covered by the first three Plans has been of the order of Rs. 5,000 million—Rs. 460 million upto 1955-56, Rs. 1,870 million between 1956-57 and 1960-61, and Rs. 2,670 million between 1961-62 and 1965-66. Roughly, a third of the expenditure was accounted for by establishment (including buildings for the development block), another one third by agriculture and the remaining by other activities. Expenditure on community development between 1966-67 and 1970-71 was estimated at Rs. 1,400 million.

Community development provided the pattern and organization of rural administration at the base. In doing so, it furnished a means for implementing programmes in different spheres with a degree of co-ordination in relation to one another and facilitated expansion in a number of fields *pari passu* with increase in the number covered by

community development blocks. This was especially the case in agriculture, health and education. The entire programme for rural health services was based on primary health centres, which were established in line with the opening up of new community development blocks. Whatever might be said of the adequacy of personnel at the block and village levels and whatever improvements in training and in the quality of extension personnel were felt to be necessary in later years, it still remained a fact that, but for the structure of community development, the foundations for implementing vast programmes of development in different sectors could not have been secured without having to incur much larger expenditures and employing much bigger staffs. All organization and development involve in some measure the creation of bureaucracies. Even recognizing that community programmes should have put greater emphasis on efficiency in agricultural extension and other specialized services, with all its limitations, this national programme made possible a scale and pattern of effective rural action such as would have been most difficult to achieve in any other way.

In the first decade of community development, the emphasis on training of personnel and the attention given to techniques of extension served as a valuable example for action in other fields as well. In March 1970, extension staffs in the blocks included 58,875 village level workers, 4,197 block development officers, 6,464 extension officers in agriculture, 4,520 in co-operation, 3,959 in animal husbandry, and 5,783 in social education and Panchayat work. There were also 3,146 medical officers, 3,143 progress assistants, 4,384 overseers, 1,818 *mukhya sevikas*, and 6,087 *gram sevikas*. Much can be said on inadequacies in the quality of various categories of personnel in the blocks but, given the effort, these deficiencies are capable of being removed. Far more important is the fact that a considerable organization was built up over the years, that vast numbers were put through various courses of training, and that the central purpose of community development was seen as service to the rural people and the creation in each area of capacity, on the part of the people, to plan for themselves, to throw up new leadership, and to participate intensively in development and in the processes of civic administration at various levels.

Three important illustrations of the interaction of community development with national schemes of significance, which were taken up in later years, are the programmes for family planning, for applied nutrition, and for rural works. These involved extensive and widespread action at the community and area level, and it was natural that they should be enmeshed with community development. Programmes for co-operative development also fell within the general pattern. Certain difficulties were, however, experienced in relation to specific agricultural programmes. These were of two kinds. First, of all the agencies

operating in the rural areas, the agriculture departments were somewhat better equipped in personnel than others. The idea of an integrated administration at the block level with village level workers performing functions wider than those of agriculture alone raised certain apprehensions bearing on control, performance and organization, and from time to time even evoked negative reactions from agricultural personnel at the higher levels. Secondly, the fact that progress in agriculture did not measure upto expectations and fell short of the needs of the country and that the quality of extension services, of the research which supported them and the inputs and supplies available were less than adequate, raised from time to time serious doubt concerning the role of community development in relation to rapid agricultural development. Some important lessons have been learnt in recent years and the gaps both on the side of community development and agricultural development are now better understood and are being filled. The character of the agricultural problem and the nature of the contribution which rural administrations at the area level have to make have both changed. There is need for greater intensification and specialization and for improvement in the quality of rural services and in the range of supplies and inputs to be brought to the farmer. It is being realized that, along with the farmers, who must receive better service, there is also a great deal to be done constantly and continuously in the interest of the weaker and the vulnerable sections of the rural community. In June 1968, a conference of Chief Ministers reviewed the state of community development, took note of recent developments, several of which had tended to weaken the movement, and once again affirmed the necessity of an integrated community approach to rural problems, supported by efficient administration in agriculture and a growing and broad-based co-operative movement.

### III. Panchayati Raj

A few words may be added here about Panchayati Raj or the movement for local democracy. As explained earlier, this movement grew out of community development with the object of giving opportunities to the local community to shape its own future, to throw up new leadership, and accept increasing responsibility for its own welfare. Had the links and the sequence of events not been what they were, local democratic institutions would still have been found necessary and would have come about in some other way, possibly as a measure of administrative and political change and as a result of popular pressure. In this sense perhaps Panchayati Raj came sooner than the country was prepared for it. In the recent past, the pace of progress in the development of local democracy has been slower than had been hoped for, and it has become even

more important to view Panchayati Raj as an independent national goal and a movement to be fostered rather than merely as a set of institutions which are a by-product of the administration of community development and other rural programmes.

The main facts concerning the development of Panchayati Raj can be briefly stated. Panchayats at the village level exist throughout the country. They constitute the foundation of the entire system and need to be utilized far more purposefully as instruments of village planning and village development than has happened thus far. In the absence of such effort and of greater emphasis on the role of the *Gram Sabha* or the village assembly, panchayats readily become centres of factional activities and provide scope for misuse of power, and even the meagre resources available to them can be misapplied. In 1970, there were 214,967 village panchayats, 3,297 panchayat bodies at the block level, and 254 district level panchayats, commonly known as *Zila Parishads*. Between 1959 and 1963, 13 States enacted legislation for Panchayati Raj; of these, 11 have sought to give effect to it, though with varying degrees of emphasis on effective decentralization and local planning. In recent years, the movement for democratic decentralization has suffered a setback, and various economic and political factors have worked against the development of the institutions of rural democracy at the base. In several States, there has been insufficient recognition of the constructive possibilities of Panchayati Raj institutions. Where the necessary institutions already exist, need is felt for more unified guidance from the administrations at the State level, which tend to function along departmental lines. Much also remains to be done by way of administrative and financial delegations and improvements in procedures. To enlarge the scope for constructive action on the part of Panchayati Raj institutions, it is necessary to move as quickly as possible, on the one hand, in the direction of intensive area development, with particular attention to agriculture, employment, education and family planning, and, on the other, in the direction of integrated rural and urban development, involving close co-operation between and dovetailing of Plans between rural and urban institutions.

#### IV. Unifying Ideas

In conclusion, it may be stated that three basic ideas are common to the movements for co-operation, community development and Panchayati Raj. These are: self-help, self-reliance and the harnessing of local resources and leadership; responsibility on the part of each community and each area for planning its own welfare and development; and continuous partnership in development between the administration and the people. These ideas are vital for any multi-party social demo-

cracy which is committed to human and moral considerations, but they do not stand alone. They gain their true function and significance only in the context of national planning and of social and economic policies conceived in the interest of the community as a whole and, more specially, in the interest of those who have remained poor and weak and backward. Without this wider social perspective, all too soon, the institutions of Co-operation, Community Development and Panchayati Raj can miss their purpose, as indeed they have already done from time to time in different parts of the country. Therefore, on the part of all citizen-leaders and the community generally, there is need for the utmost care and vigilance both in respect of the means they employ and the ends they serve.\*

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