

REPORT
ON
Co-operative Societies
and
Banks
in
Gwalior



1937

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REPORT

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Co-operative Societies and Banks

IN

GWALIOR



BY

PROF. V. G. KALE, M. A.

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1937

APPENDIX I.

ITINERARY.

Date.	Journey undertaken.
19-2-1937 ..	Reached Gwalior.
21-2-1937 ..	Pachhar.
22-2-1937 ..	Futera, Singwasa, Devakhedi, Patharia and back to Pachhar.
23-2-1937 ..	Nateran, Meheluva, Khajurideo, Bhilsa.
25-2-1937 ..	Dholkhedi and back to Bhilsa.
26-2-1937 ..	Gwalior.
1-3-1937 ..	Kashipur, Purani Chhavani and back to Gwalior.
2-3-1937 ..	Dabra and back to Gwalior.
5-3-1937 ..	Joura, Ghadore and back to Joura.
6-3-1937 ..	Sabalgarh.
7-3-1937 ..	Bijaipur.
8-3-1937 ..	Dorad, Sheopur.
10-3-1937 ..	Kanapur and back to Sheopur.
11-3-1937 ..	Gwalior.
13-3-1937 ..	Morena and back to Gwalior.
15-3-1937 ..	Morena and back to Gwalior.
16-3-1937 ..	Bhind.
18-3-1937 ..	Gwalior.
24-3-1937 ..	Shivpuri.
25-3-1937 ..	Kolaras and back to Shivpuri.
27-3-1937 ..	Gwalior.
30-3-1937 ..	Bhilsa.
1-4-1937 ..	Ujjain.
3-4-1937 ..	Kaliyadeh and back to Ujjain.
4-4-1937 ..	Badnagar and back to Ujjain.
5-4-1937 ..	Shajapur.
6-4-1937 ..	Barwal and back to Shajapur.
7-4-1937 ..	Shujalpur, Ujjain.
9-4-1937 ..	Agar.
10-4-1937 ..	Susner.
11-4-1937 ..	Ujjain.
12-4-1937 ..	Neemuch.
13-4-1937 ..	Jawad and back to Neemuch.
14-4-1937 ..	Chitorgarh.
15-4-1937 ..	Mandsaur.
17-4-1937 ..	Ratlam.
18-4-1937 ..	Sardarpur.
19-4-1937 ..	Bag and back to Sardarpur.
20-4-1937 ..	Ratlam—Left the Gwalior State.

APPENDIX II.

QUESTIONNAIRES.

Questionnaire No. 1 (General).

Banks.

1. Should the whole Board of Directors be elected annually or should only 1/3 of the Directors be elected annually ?
2. Should there be Directors on the Board representing societies to be elected by them annually? If so, what should be the proportion of such Directors ?
3. Should the money-lenders, and especially those dealing with members of Co-operative Societies, be disqualified from standing as candidates for Directors' election ?
4. Do you advocate the principle, generally accepted by co-operative institutions, of having one vote per member both for individual share-holders and for representatives of societies attending General Meetings of the Bank ?
5. Would you prescribe any qualifications such as that of education or of holding a minimum number of shares for candidates standing for the Directors' election ?
6. Should the Banks make their own arrangements for the inspection of societies, distribution of loans and recovery of their dues by appointing their own Inspectors, who should be directly responsible to the Bank ?
7. Is it necessary to have Honorary Managing Director for a Bank ? If so, what should be his qualification, position, powers, responsibilities and duties ?
8. The Senior staff of the Bank and at times even the Junior one is appointed and virtually controlled and transferred by the Co-operative Department. Similarly the Budgets of the Banks are sanctioned by the Department though they are formally prepared by the respective Boards. Would you recommend that these powers should be entirely given to the Banks ?
9. The employees of the Bank have no security for the continuity of their service, their pay, promotion, leave, etc., nor are they properly trained. What remedies would you suggest to guarantee this security and to give them necessary training ?
10. Do you not appreciate the importance of ascertaining Bad and Doubtful Debts due from societies and from individual borrowers from time to time and of providing for such debts out of allocation from the annual profits of the Banks ?
11. Please supply the figure of bad debts due from your societies or individual loan-holders as on 30th June, 1936, and the amount out of the same that will have to be 'written off' definitely.
12. The Banks have not introduced internal audit of their accounts. What are your suggestions regarding the same ?

13. The Banks do not include the amount of the accrued interest due to them at the close of the year anywhere in their published Balance Sheets. Would you have any objection to include this figure in the Balance Sheets, provided that it is not taken into account while determining their divisible profit for declaring dividend?

Societies.

14. It is noticed that the number of members of Co-operative Societies changes every now and then as some of the villagers are required to leave their village for one reason or the other. What is the reason of this and what remedy would you suggest to induce the members to stick to their villages permanently?

15. Non-occupancy tenants and sub-tenants are financed by Co-operative Societies at the risk of their running away from their villages. Would you at all recommend that such members should be financed by Co-operative Societies?

16. In the profits of a Co-operative Society which are transferred to the Reserve Fund, in full, is included the amount of accrued interest due to it. Would you recommend that the Profit and Loss Statement of a Co-operative Society should be based on its actual income and expenditure in the year?

17. How many societies in your District are solvent from their Haisiyat point of view? Detailed information should be given on the following lines:—

- (1) Number of societies whose collective Haisiyat (based on the valuation of members' movable and immovable property) exceeds three times the collective loans due from the members.
- (2) Number of societies whose collective Haisiyat (based on the valuation of the members' movable and immovable property) exceeds twice the collective loans due from the members.
- (3) Number of societies whose collective Haisiyat (based on the valuation of the members' movable and immovable property) exceeds the collective loans from the members.
- (4) Number of societies whose collective Haisiyat (based on the valuation of the members' movable and immovable property) is less than the collective loans due from the members.

18. Please supply another statement giving information on the above lines but while considering the members' assets the value of their immovable property only and not of movable property should be taken into account.

19. Please supply the number of members of agricultural co-operative credit societies under the following heads:—

- (1) Zamindars, (2) Occupancy tenants, (3) Non-occupancy tenants
- (4) Sub-tenants and (5) Others.

General.

20. Is it desirable for a District Bank to receive directly in its office from the members of Co-operative Societies their dues to their societies? If such a facility is to be given, what remedy would you suggest to minimise the clerical and account work in the office of the Bank?

21. At present the Haisiyat Register of Co-operative Societies is prepared by the Secretary, but the information recorded in it is at times found to be incomplete or unreliable. What would you suggest to get this information correctly recorded?

22. How should the assets of a member be valued? Detailed suggestions for valuing the Zamindari rights, the rights of occupancy and other immovable property should be given.

23. Should the movable property of a member be included in the Haisiyat Register? If so, have you any suggestions for valuing the same?

24. Should the loan-limit of a member be fixed on the valuation of his assets coming under 22 above or under 22 and 23 taken together?

25. What, in your opinion, would be the best scale for determining the maximum loan-limit of a member?

26. While fixing the limit under 25 above, should the loans due by a member to his other creditors, whether on specific security or otherwise, be taken into consideration? If so, what are your suggestions in that connection?

Questionnaire No. II.

(For Auditors.)

1. Has any effort been made in the case of banks and societies to safeguard the interests of the latter as being comparatively the weaker bodies? If it has been made, what are the results? If it was not made, why was it so?
2. Have auditors made constructive suggestions in the matter of policy to banks? Have these been communicated to the Department? If they have been, what steps have been taken to give effect to them?
3. Is audit with you a matter of mere technical testing of the correctness of accounts or do you go behind the figures and examine the system of management?
4. In the audit of societies, do you ever come into close contact with members of societies? Is your audit a means of education to these people? Or, do you leave these matters to the Supervisors and Secretaries?
5. As a result of your audit, do you make suggestions for improvement and do you discuss different important questions with Supervisors and Inspectors and with Boards of Banks?
6. Do you believe that the bank's provision for bad and doubtful debts is sufficient? Is an estimate made from time to time of doubtful debts and debts that are likely to turn out bad? Are there any data available to estimate doubtful debts?
7. Do banks look merely to their profits and are they indifferent to the position of societies? Do they regard themselves merely as middlemen distributing loans and collecting them through Inspectors?
8. Will the situation improve if banks are allowed to appoint and control their own Inspectors and Supervisors? If this is done, how should the expenses of inspection, supervision and secretaries' work be allocated as between the banks and the societies and the Government?
9. What, in your opinion, would be an economic unit for an average bank? Will a bank with a total amount of one lakh or one lakh and a half lent out to societies at 7 per cent be able to function successfully? Or is a larger unit necessary for a bank to be run profitably? Which of the existing banks you think are too small to be able to run profitably?
10. Do you think it desirable to merge small banks into larger ones? Show how this may be done by giving examples.
11. Is it practicable to improve the position of the banks by their being allowed to lend to individuals on proper security? Is the present system of short-term loans with Bankers desirable? How will you improve or replace it?
12. If the banks are not truly co-operative in spirit and working, how will you improve them and make them co-operative? Do you think it possible to secure the right type of Directors, who will work as true co-operators? If not, what is the remedy?
13. Work out a model Balance Sheet and Profit and Loss Account of a bank, of what you consider a reasonable size and show how it should be organised and worked.

14. Should Pargana Banks be turned into branches of a District Bank or will it be better to keep the Pargana Banks and improve and make them more efficient ?

15. Do you think that the interference of higher Government Officers in the internal affairs of Banks resulted in inefficiency ? Do you know instances of these interferences, *e. g.*, in the granting of loans and in appointing Bankers and in keeping particular sums with them ? Do you think it justified and desirable ? Do you think that the Directors of Banks will carry on successfully if they are freed from interference and control from above ? If control is necessary, how should it be exercised ?

16. If the work now being done by the Government Inspector, except of attachment and sale of defaulters' property, is allowed to be done by the employees of the Bank entirely under the control of the Board of the Bank, will this arrangement work successfully ?

17. Do you think that overdues of the members to societies, and of the latter to the banks may be recovered ? When and how should overdue interest and principal be recovered ?

18. What is the percentage of societies that may have to be liquidated owing to irrecoverable debts ? Are extensions necessary ?

19. Is a special investigation necessary in each tract for this purpose ?

20. What, in your opinion, would be fair rate of interest that banks may charge to societies and the latter to their members ?

21. What evidence is there to show that assets of members of societies are greater than their liabilities ? Is an estimate of assets made each year or once in many years ? Can such an estimate be reliable ?

22. With the large fall in prices that has taken place, what is the average ratio of assets to liabilities of members of societies ?

23. Do you think that scrutiny of the accounts of each society is necessary for the purpose of ascertaining the above ratio and the financial position of the societies ?

Questionnaire No. III.

(For Inspectors.)

1. What remedies would you suggest for improving the condition of societies which have deteriorated owing to the depression?

2. Have you ever tried to ascertain how much credit should be allowed to a member of a society for one bigha of land in the different tracts? Give facts and figures from your experience.

3. How do you ascertain the repaying capacity of a member? Are the loans given adjusted to this capacity?

4. Do you think it practicable to start new societies in villages where they do not exist to-day? What preliminary steps should be taken before a new society is started?

5. Do the Secretaries and Supervisors do their work in a truly co-operative spirit, that is, with the genuine desire to improve and help the cultivator?

6. Are these officers, on the average, qualified men? That is, men who know their work, the correct methods of keeping accounts and co-operative practice generally?

7. What is the average holding of land in your tract and what would be the average net income for a bigha to the cultivators?

8. Do members of societies carry on any subsidiary occupation, such as carting, cattle-breeding, dairying, etc.?

9. Do you think it practicable to introduce subsidiary industries among members of societies? Name such industries and demonstrate their practicability.

10. Is it necessary to wind up, re-organise or amalgamate any of the existing societies? Give an idea of the number and present situation of such societies.

11. Are Sub-Inspectors and Inspectors able to exercise real control on the members of societies and try to teach them the methods and advantages of Co-operation?

12. Differentiate the work that is done by (1) Secretaries, (2) Supervisors and (3) Inspectors in respect of distribution of loans and recoveries, keeping accounts, auditing, co-operative education, propaganda, etc.

13. Have you any suggestions to make in respect of placing the relations between Banks and societies on a better footing? Under whose control should Inspectors, Supervisors and Secretaries be placed so that their duties may be discharged more efficiently?

14. Is it a proper position for the Inspector to occupy when he is expected to do the ordinary work of the Bank and is responsible to the Government Officers of the Co-operative Department? Should not the Inspector be really a Bank employee?

15. What evidence is there to show that assets of members of societies are greater than their liabilities? Is an estimate of assets made each year or once in many years? Can such an estimate be reliable?

16. With the large fall in prices that has taken place, what is the average ratio of assets to liabilities of members of societies?

17. Do you think that a scrutiny of the accounts of each society is necessary for the purpose of ascertaining the above ratio and the financial position of the societies?

APPENDIX III.

List of Officers from whom Replies to the Questionnaires were received.

1. The Suba, Sheopur District.
2. The Suba, Narwar District.
3. The Suba, Esagarh District.
4. The Suba, Bhilsa District.
5. The Deputy Director of Agriculture, Malwa Circle.
6. The Assistant Director, Co-operative Societies, Bhilsa.
7. The Inspecting Officer, Co-operative Department, Gwalior.
8. The Chief Auditor, Co-operative Department, Gwalior.
9. The Boundary Officer, Gwalior (Mr. Saraswati Charan).
10. The Inspector, Co-operative Societies (on Special Duty), Purani Chhavani Development.
11. The Auditor, Co-operative Societies, Gwalior (Mr. R. S. Chandorkar).
12. Do. do. do. (Mr. H. M. Yaqub Khan).
13. Do. do. do. (Mr. Lakshmi Sahai).
14. Do. do. do. (Mr. Raghunath Sahai).
15. Do. do. do. (Mr. I. S. Gupta).
16. Do. do. do. (Mr. A. N. Phalke).
17. Do. do. do. (Mr. Om Prakash).
18. The Inspector, Co-operative Societies, Pargana Gird.
19. Do. do. do. Pichhore (Gird District).
20. Do. do. do. Mastura.
21. Do. do. do. Bhandar.
22. Do. do. do. Bhind.
23. Do. do. do. Mehgaon.
24. Do. do. do. Lahar.
25. Do. do. do. Gohad.
26. Do. do. do. Jaura.
27. Do. do. do. Ambah.
28. Do. do. do. Nurabad.
29. Do. do. do. Sabalgarh.
30. Do. do. do. Sheopur.
31. Do. do. do. Bijaipur.
32. Do. do. do. Shivpuri.
33. Do. do. do. Kolaras.
34. Do. do. do. Karera.
35. Do. do. do. Pichhore (Narwar District).
36. Do. do. do. Pachhar.
37. Do. do. do. Mungaoli.
38. Do. do. do. Bajrangarh.
39. Do. do. do. Kumbhraj.
40. Do. do. do. Bhilsa.
41. Do. do. do. Basoda.
42. Do. do. do. Ujjain.
43. Do. do. do. Badnagar.
44. Do. do. do. Khachraud and Sonkach.
45. Do. do. do. Shajapur.

46. The Inspector, Co-operative Societies, Shujalpur.
 47. Do. do. do. Agar and Susner.
 48. Do. do. do. Mandsaur.
 49. Do. do. do. Suvasra.
 50. Do. do. do. Jawad.
 51. Do. do. do. Neemuch and Gangapur.
 52. Do. do. do. Amjhera.
 53. Do. do. do. Pargana Bakaner.
 54. Mr. Mathura Prasad, Director, Gird District Bank, Ltd.
 55. The Managing Director, Bhind District Bank, Ltd.
 56. The Managing Director, Tawarghar District Bank, Ltd.
 57. The Managing Director, Narwar District Bank, Ltd.
 58. The Manager, Narwar District Bank, Ltd.
 59. Mr. Krishna Vallabha Mittal, Director, Narwar District Bank, Ltd.
 60. The Managing Director, Esagarh District Bank, Ltd.
 61. Mr. Bankelal Shrivastav, Director, Esagarh District Bank, Ltd.
 62. The Managing Director, Bhilsa District Bank, Ltd.
 63. The Managing Director, Amjhera District Bank, Ltd.
 64. The Managing Director, Gangapur Pargana Bank, Ltd.
 65. The Managing Director, Agar Pargana Bank, Ltd.
 66. The Managing Director, Susner Pargana Bank, Ltd.
 67. The Managing Director, Shajapur District Bank Ltd.
 68. Mr. G. S. Joshi, Director, Shajapur District Bank, Ltd.
 69. Mr. Lakshmichand, Director, Shajapur District Bank, Ltd.
 70. Mr. Devi Singh, Director, Shajapur District Bank, Ltd.
 71. The Director of Shajapur District Bank, Ltd.
 72. Mr. Lal Mahomed Quoreshi, Supervisor, Ujjain Bank.
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APPENDIX IV.

**Questions for Mr. G. K. Lele, Deputy Director of Agriculture,
Malwa Circle, and his Replies.**

DEAR MR. LELE,

I shall feel thankful if you will kindly supply me information and your suggestions on the following points:—

1. Special features of the different districts or tracts of the State from the point of view of the present condition and development of agriculture.
2. The nature and extent of damage to crops owing to cold snaps or rust, etc. The steps necessary to resist these dangers.
3. Effect of natural conditions, peculiarities of soil, climate, rainfall, etc., on the agricultural industry in different tracts and their economic condition, *e. g.*, population, wages, etc.
4. Extent of irrigation and possibilities of its expansion.
5. Condition of cattle, cattle-breeding and steps necessary to improve it.
6. Industries subsidiary to agriculture, what new openings are there, and how can the old industries be protected and revived?
7. The help that village industries, such as cattle-breeding, dairying and fruit-culture, require in the way of finance, organisation and propaganda.
8. What scope is there for co-operative organisation and finance in promoting development of rural industries?
9. Improvements required in marketing of crops. Can Co-operative Sale Societies help the cultivators in holding their produce for good prices and affording finance for the sale of produce?
10. Can existing Banks take part in the above operations? What is the position in this respect in markets at Ujjain and other distributing centres?
11. Suggestions on other and allied subjects.

Yours sincerely,
V. G. KALE.

To

G. K. LELE, Esq.,
Deputy Director of Agriculture, Ujjain,

No. 1823/17-4-1937.

Ujjain,
17th April 1937.

From

G. K. LELE, Esq.,

Deputy Director of Agriculture,

Malwa Circle.

DEAR MR. KALE,

Your communication of 8th instant from Camp Ujjain contains eleven items which I attempt to answer in *seriatim* as below :—

(1) Malwa Division of the Gwalior State comprises of five districts, namely, (1) Bhilsa, (2) Shajapur, (3) Ujjain, (4) Mandsaur and (5) Amjhera. The geological surface of land in the first four districts consists of volcanic trap rocks, giving black soils spread in unequal depths all over. It is only in Mandsaur Pargana and Bag Tappa of Amjhera District and Neemuch and Jawad Parganas that we get a different geological history.

The black soils derived from trap rocks, form the major portion of the land surface of the division and these are really very important from the point of view of agricultural production, which forms the source of wealth of the country. The rest of the land is unimportant, being capable of growing only the minor crops.

Shajapur, Ujjain and Mandsaur Districts have been getting enough rains for the farming community to be able to grow Kharif as well as Rabi crops for several years past. Famine of food or fodder is practically unknown in these three districts. Amjhera District, especially Manawar Pargana and Bag Tappa, has suffered through deficiency of rainfall, although there has been no cause for anxiety due to excessive rainfall. Bhilsa District, especially the Bhilsa Pargana, has suffered immensely due to excessive rainfall, rust disease and the material condition of the Ryot has suffered to an unprecedented extent.

The country has three distinct seasons, namely, (1) Monsoon, (2) Winter, and (3) Summer and has got two distinct types of cropping, namely, Kharif and Rabi. During the summer the crops have to be sustained on irrigational water. The atmospheric temperature varies between 40°F to 114°F, according to the season. This range of variation does not affect the normal growth of crops. Occasionally a sudden drop in the atmospheric temperature, to as low a degree as 32°F causes damage to the standing crops, namely, cotton in the Kharif group and wheat in the Rabi group. This feature also tells adversely on sugarcane, fruit plants and even the forest growths.

The present farming is the outcome of the natural expression of the environs, utilised by the population of the country. To-day's condition of agriculture, is proving unremunerative, although the kind and quality of produce derived from land, has not deteriorated or diminished. The world depression is being felt keenly by the traders and the farmers generally and the depletion of wealth has reached a stage of virtual bankruptcy. The debt figures are simply colossal. It is really a very hard job to set this primary industry in order on which other industries also depend for fostering. But it is possible and only through the well-planned system and organisation as will be borne out by the subsequent paragraphs.

(2) There are four calamities, that come either singly or in combination and cause damage to crops generally. These are (1) Excessive rainfall, (2) Deficient rainfall, (3) Frost, (4) Rust, (5) Locusts. With regard to excessive rainfall, it may be noted that this factor causes some damage in the shape of soil erosion and water logging. Soil erosion is a loss occurring more of permanent nature, while due to water logging, it is only the crops that suffer giving subnormal out-turns. The areas suffering from water logging are cultivated and can be planted to Rabi crops. But to prevent soil erosion, the process of opening shallow lands and having bigger fields should be put a stop to. Bunding of fields should be encouraged.

Deficient Rainfall.—This is a very bad feature and endangers the human as well as cattle life. To overcome the bad effects of rainfall deficiency, field bunding and the dry farming methods of cultivation should be encouraged. Whereas the methods of dry farming are under the practice of the people, the bunding is practically an unknown thing in this country. This feature should be studied and adopted.

Frost.—Frost which was an occasional feature ten years ago, is proving to be an annual phase, and it has been responsible for incalculable loss to the farming industry. Cotton, sugarcane, fruit plants, gram, linseed and wheat have suffered partial or total destruction depending upon the intensity and duration of the frost witnessed during the last ten consecutive years. Early maturing cotton, early maturing sugarcane, late maturing wheat are being adopted to suit the avoidance of frost effects. Frost-resistant wheats exist in other parts of the world. But their introduction seems problematic until the problem is worked out and substantiated by experimental results. A change in the sowing time may prove a solution so far as the gram crop is concerned or else the Rabi areas will have to be absorbed for Kharif cultivation. In fact the frost and excessive rainfall combined appear to necessitate a change in the farming of the country.

Rust.—Rust-resistant types of wheat have to be found out and their suitability for average increased production has to be tested, particularly for Bhilsa District.

Locust.—Measures to combat the locust are needed to be taken simultaneously with the other parts of India, although the home of the locusts and their periodical appearance is being determined by world Scientists.

(3) The effect of natural conditions on the agricultural industry, existing in the different districts, is detailed fully in item I. How the conditions affect the economic working, that is to say, population, wages, etc., is expressed hereafter. The population generally is sparse. The country could sustain greater intensity of population, to the advantage of the State. Nature has been bountiful. It is really the human exertions that are lacking for the production of wealth and increased population is one of the healthy solutions of the problem. In agricultural industry, when the field operations have to be carried on simultaneously the dearth of labour is experienced by every tenant. In fact, foreign periodic labour flows into the State from outside renders considerable help to the State farmers especially for harvesting the crops.

Wages.—The scale of wages paid for some permanent or casual labour varies from operation to operation done in field and from period to period of the year. The wages are higher at planting and harvesting times. Otherwise the wages could be classed poor in the sense that the payment made for work is hardly enough for meeting the sustenance of the family of the labourer.

The scale of wages close to cities and towns is comparatively higher and pretty satisfactory.

(4) Taking into consideration the total cultivated area, area under irrigation is inappreciable. But irrigation would be found practised in every village and is looked upon as a reliable and genuine source of income. Of course, the little irrigation that is done, is almost entirely from wells. So to say wells form the principal source of irrigation. The geological formation of the country which is volcanic and plateauic, is far from being satisfactory, from the point of view of water supply to the wells, and this feature becomes apparent when one observes the extent of water supply in the wells in the seasons of the year. During the rainy season, all wells have plentiful supply of water, very often water overflows. With the disappearance of rains, the water level begins to sink till the summer, and during the summer, the majority of wells go dry. The supply of subterranean water is nil and there is no possibility of increasing the water supply of the existing wells by deepening them unduly. The nature of natural water supply being such, the farmer depends upon such irrigational sources as are available during the rainy and winter seasons. Occasionally wells with a constant supply of water throughout the year are met with, and these alone are really valuable from the point of view of agriculturists for intensive farming. I desire to note that every farmer, who owns a land-holding, must necessarily be equipped with at least one well that would enable him to grow money crops, and incidentally, provide for employment of his family labour all through the year. This measure eventually also proves as insurance against famine.

The storage water tanks are to be found in a few places here and there in the districts. Small canals constructed to carry and feed the underlying fields with irrigational water have been constructed at high cost. None of the tanks seems to be paying its way, perhaps for two reasons: (1) unsatisfactory nature of supply and distribution of tank water and (2) faulty method of application of water on behalf of the farmer. This state of affairs stands in need of correction as waste of money. Wastage of water and loss over crop grown in the commanded area have occurred. The problem is not at all difficult to solve though it is a serious one. The wells lying in the commanded zone under the tanks, generally, are capable of giving free and full supply of water to nearby fields. The number of such tanks, should be increased only after the working of the existing tanks is set in order and is proved to be remunerative. Deepening of the existing wells, where necessary, and creation of more storage tanks, are sure to become a potential source of wealth to the country.

Irrigation from streams, rivulets and rivers is negligible. But there are sites that indicate that these could be harnessed for the use of the public of the country. This sort of development forms an independent subject, and stands in need of a survey, calculation and scrutiny. It is enough to make allusion to the subject here.

(5) The condition of cattle corresponds to the condition of wells. The cattle prosper during the rainy season, in consequence of abundant grass, which becomes available for grazing to them. The interior pasture lands are usually used for the grazing of live-stock, whereas from superior pasture lands, grass is cut and stored as hay for future use of cattle. The live-stock remains in normal condition during the winter as they get some feeding from the superior pasture lands after grass cutting has been finished. But with the coming of summer with nothing to feed on in pastures, the cattle begin to get thin and lean, and are virtually left to find food for themselves, except-

ing such animals as yield milk or ghee production. It is the plough bullocks that receive hay or jowar stock, kept in store for them. The concentrated food is as a rule given only to milking animals. Even the plough bullocks fail to receive any sort of concentrated food. The result is that numbers of calves and dry cows die of starvation or readily succumb to epidemics annually.

Cattle-breeding.—Fortunately the country having remained free of cattle movements from other parts, there exists a good deal of purity of blood amongst cattle. The fundamental principles of breeding are partly known and partly unknown to the local breeders. It is true that in virtue of some knowledge of breeding on the part of the local breeders and the existence of pastures in the country, a good number of bulls and bullocks, she-buffaloes, sheep and goat are annually exported by traders to Berar and Khandesh. The export of live-stock is a regular source of income to the breeders, traders and the State. Cattle-breeding prevails in Agar, Susner and Suvasra Parganas of the Malwa Division.

Steps necessary to improve Cattle-breeding.—Malwa cattle is famous throughout India for its draft power, longevity and its partial immunity from diseases. It is economical with respect to feeding. The Malwi cows are poor milkers. On account of negligence in feeding and breeding, the cattle have degenerated and if this process is allowed to continue longer it is bound to bring fatal results. To prevent deterioration and stimulate export trade, the first essential is that good breeding bulls are kept and used in adequate numbers in every village. Simultaneously with this provision, the policy of castrating the scrubbed young stock, should be vigorously pursued to stop indiscriminate breeding. The bulls form half the herd. Good breeding bulls need not be imported for this purpose as the necessary number of good breeding bulls could be obtained in the course of a few years in the country itself. The milk strain which is wanting in Malwi cow shall have to be improved in order to get in sturdier and large-sized progeny. This work may be entrusted to the charge of the Animal Husbandry Section of the Department of Agriculture. Propaganda will have to be undertaken to impress upon the minds of the farmers that it is in their interest, to keep quality animals rather than a large number which they are unable to maintain properly throughout the year. This awakening will simplify the question of cattle improvement.

(6) Industries subsidiary to agriculture are numerous. These are carried on hereditarily by families engaged in them and fulfil the wants of the villages. Weaving of cloth, of course, has suffered a serious set-back and this has happened due to more economic production of yarn in the mills. Nothing can be suggested at present as to how the village labour could be made successful to compete with machinery. I have to make only one suggestion with regard to the revival and protection of old industries, and it is this. These as carried on to-day, by different families and different villages, should be organically linked and brought under one organisation, so that the spirit of competition is created and the products are sold more or less at equal values. The collection of raw material, conversion of products into finished goods, the storage and distribution should be guided, supervised and financed by the corporate organisation. This will conserve the raw material and put the same to proper use. The second significant suggestion that I have to make here is about the waste lands that could be put and utilised under agave plantations. Every village practically has some portions classed as waste lands and these lands could be profitably utilised for growing agave, which is a

fibre capable of yielding fibre and cordage for home consumption and export purposes. Besides giving material and employment, etc., to the village folk, throughout the year, an export trade in agave fibres is likely to develop. The agave plantation would necessitate no capital nor any special care from the villagers. This would prove a very profitable opening to the village folk.

The third significant suggestion that I have to make is with regard to systematic planting of babul (*Acacia Arabica*) on waste and pasture lands of the villages, existing practically in every village. This suggestion is offered with four aims in view, namely, (a) to provide fuel for the villagers, (b) to give relief to farmyard manure which is turned into cakes and used as fuel, (c) to provide hedging material and (d) to provide wood for bullock carts and agricultural implements. Raising of babul plants, would require no capital nor any special care for the village folk. On the contrary, once the plants are established, they could supply the requirements of the village people as mentioned above. The agave and babul plantation should be developed and shared by the village folk on a commercial basis.

(7) The question of cattle-breeding has been dealt with to some extent under item V. Dairying is a separate proposition which will be dealt with presently. The object of dairying is threefold: (1) to supply standard milk to the population in required quantities, (2) to supply ghee, butter and cream to the population as well as for export trade and (3) to supply kascene, milk sugar, etc., to produce highly manufactured goods. There exists no breed fit for carrying on dairying business in Malwa Division. The cattle that exist are primarily meant for draft purposes. Animals of a breed suitable for dairying, will have to be imported and maintained in cities and towns, to start with, and these will have to be restricted to urban areas or to such areas where special facilities for dairying could be found. Dairying cattle, on the whole, would not prove suitable for draft and therefore these should not be permitted to mix with the local cattle indiscriminately. The buffaloes have some value for dairying but even they do not pay their way. It is my honest opinion that buffaloes would be easily better than cows for dairying purposes in the State. Buffaloes of good breeds, like cows of good milking breeds, will have to be imported and maintained.

Fruit Culture.—This is a line little known to the public although of recent years there is an awakening and response found from the public. People have not fully grasped the value nor the possibilities of fruit production. There is ample scope for fruit production, consumption and export. Now financing is the chief difficulty. The fruit plantation requires initial capital for a long term, which the public is unable to invest. A large variety of tropical fruit is possible to be raised, the limiting factors being (1) soil drainage, (2) frost, (3) irrigation water. No nurseries growing or dealing in seedling of fruit plants exist in the country. The State will have to take the lead in this matter and afford opportunities to the public for taking to fruit growing which has immense possibilities and scope.

Propaganda is needed in respect of cattle-breeding and fruit culture but not for dairying. Financing will be necessary for cattle-breeding to some extent but will be quite essential for dairying and fruit culture. Organisation is required for every item and the success principally depends upon the workers of the organisation. In case of cattle-breeding, the village community, as a whole, will have to be financed for the purchase of the required number of good breeding bulls. Investment made on this score should be non-interest bearing and realisable from the second year to

the fifth year in equal instalments from the village community. The bulls will remain the village communal property taken advantage of by every farmer and paid for by every farmer in proportion to the number of cows owned by him.

Dairying proposition, as I said before, is of a different nature and pertains to cities and towns and specially cities only. Dairying societies are likely to prove useful in attracting share capital of the urban public who can run the concerns to advantage. People doing milk supply business for cities and towns should be taken into confidence for establishing dairies. Individual loans that are given for well sinking, etc., on low rates of interest should be advanced to such farmers as are anxious to develop fruit plantations with adequate security. Such investments should also be non-interest bearing but recoverable by instalments commencing from sixth to tenth year. The development of fruit plantation is an affair requiring huge labour, long time, and enormous outlay. The Government should be particularly sympathetic and charitable to such people, who are really the pioneers of the industry.

(8) In my opinion, two groups of rural industries stand in urgent need of organisation and financing on co-operative basis. They are: (a) Poultry, Dairying, Wool and (b) Sugar-making, Fibre, Bee-making and Weaving. Many more industries can be added to the list but I consider that the ones referred to could be safely tackled under the present state of affairs with the rural people. Without such organisation and finance these industries can never hope to make headway. On the contrary, if no attempt is made to save them, these are destined to dwindle, leaving the population to the mercy of money-lenders, traders and other exploiters. Industries in group (a) would need initiation on part of the State. While those grouped in (b) are already in existence but are being conducted in an unsystematic fashion.

(9) Co-operative sale societies are extremely necessary to help the farmers in holding their produce for good prices. The societies will have to arrange not only for finance but also to look into grouping the various sorts of produce so that the collected material may be put in bulk of approved standards on the market for sale. At present the produce, though grown individually pure, is purchased by local traders and mixed up and then exported. This way, a good deal of merit and value, is lost for which the traders as well as the farmers suffer some loss. The produce brought in the market, should be classed on technical basis, and got into bulk after classification, so that the ultimate buyer can depend upon obtaining graded and classified stuff.

There are rules for marketing in existence. But the personnel of the markets is defective in as much as the cultivators' representation is negligible. The supervision of markets is imperfectly done. Some of the local buyers are also represented on the personnel of market control committees and they form the majority. There is considerable disparity in the period of payment, all of which, the farmers have quietly to bear, as otherwise, it would not be possible for them to sell their produce. I suggest that the State should have trade agents at important places, where the State produce finds its way or is consumed. The Co-operative Banks should afford the necessary finance, should arrange the necessary storage and should furnish samples to the trade agents in order to effect sales at premium prices. Co-operative Societies to buy and handle cotton and wheat should be particularly started, as both are world commodities and are produced here in good quality and quantity.

(10) The only Bank that I am aware of, is the Ujjain Branch of the Imperial Bank of India, advancing short-termed loans, to traders and merchants dealing in cotton and wheat. The Imperial Bank is doing immense

business and as far as I understand, it is doing business with profit. The Bank makes advances against goods in godowns, the goods are also duly insured against risk and damage and the goods are liquidated when the sale is effected. I believe there is a very scope for the State if they have such banks to deal with the agricultural commodities, such as cotton, wheat, jowar, gram and ghee, etc. There are no Banks at all taking direct part at other distributing centres. Big Firms like Volkart Brother, Ralli Brothers, Langley and Co., and some Japanese Firms make purchases in season and arrange payment through the Imperial Bank of India only.

11. *Suggestions.*—The Co-operative, Agricultural, Veterinary, Irrigation, Trade and Revenue Departments should be so interlinked that their joint working leads to easy handling and quick decisions with regard to matters affecting the prosperity of the public.

Seed and granaries should be established for every village.

Rural Industry Department will have to be created.

State Bank to provide finance will have to be established.

Facilities for setting up cotton mills, floor mills, Oil mills and sugar mills will have to be afforded to deal with raw material produced in the State.

NOTE.—The proposals and suggestions contained in this report have been put forward with due regard to the existing Land Revenue and other laws governing the administration of the country. The status and calibre of the public has also been duly kept in view in preparing the report. The object in view is that agriculture and industry should progress together, hand in glove, without which it is not possible to have a permanent and stable improvement of the State and its people.

APPENDIX V.

List of Officials and Non-officials specially consulted.

Esagarh District.

1. Mr. G. H. Chinchanikar, Suba, Esagarh District.
2. Mr. N. R. Jathar, Assistant Director of Co-operative Societies, Bhilsa.

Bhilsa District.

3. Mr. Ibne Abbas Abbasi, Suba, Bhilsa.

Sheopur District.

4. Mr. P. S. Mehta, Suba.
5. Mr. B. R. Bhalerao, Tahsildar.

Narwar District.

5. Captain S. R. Kadam, Suba.

Ujjain District.

7. Mr. Baburao Suryawanshi, Suba.
8. Mr. G. K. Lele, Deputy Director of Agriculture, Malwa Circle.
9. Mr. G. M. Hirwe, B. A., LL. B., Pleader, Ujjain.

Shajapur District.

10. Captain S. B. Ingle, Suba.
11. Mr. C. V. Naidu, Director, Shujalpur Pargana Bank.

Mandsaur District.

12. Mr. K. S. Kadam, Suba.
13. Seth Laxmi Narayanji, Managing Director, Mandsaur District Bank.

Amjhera District.

14. Mr. Mohsanulla Khan, Deputy Director of Co-operative Societies, Malwa Circle.
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APPENDIX VI.

Names of Societies to which Visits were paid and whose
Panchas were interviewed.

Northern Circle.

Esagarh District.

1. Futera.
2. Singwasa.
3. Devakhedi.
4. Pachhar No. II.
5. Patharia.

Bhilsa District.

6. Maharashtra Samaj, Bhilsa.
7. Ganesh Sahakari Naj Society, Bhilsa.
8. Hinotia Naj Samaj.
9. Dholkhedi.
10. Namwar.
11. Imlia.
12. Jiwajipur.
13. Khairai.
14. Silwa Khajuri.
15. Taj Khajuri.
16. Ghatmai.
17. Nataran.
18. Meheluva.
19. Saletra.
20. Raha Kalan.
21. Mankheda.
22. Khajuri Deo.
23. Amokhedi.
24. Sākalkhedi.

Gird District.

25. Dabra No. I.
26. Ramgarh No. I.
27. Ramgarh No. II.
28. Purani Chhavani No. I.
29. Purani Chhavani No. II.
30. Gangapur.
31. Purani Chhavani Better Living Society.
32. Kashipur.

Tawarghar District.

33. Alipur.
34. Kashipur.
35. Tindoli.
36. Baran.
37. Chandora.
38. Madia Khadu.

Sheopur District.

39. Kanapur No. I.
40. Kanapur No. II.
41. Kanapur No. III.
42. Kanapur No. IV.

Bhind District.

43. Bara Kalan.
44. Jamna.

Narwar District.

45. Rajpura.
46. Badodia.

Malwa Circle.

Ujjain District.

47. Paraspar Sahakari Patpedhi, Ltd., Ujjain.
48. Ujjain Teachers' Society, Ltd.
49. Ujjain Family Relief Assurance Society, I.td.
50. Bhairavgarh.
51. Kaliadeh No. I.

Shajapur District.

52. Barwal.
53. Mazania No. I.
54. Mazania No. II.
55. Maharkhedi.
56. Petlawad.
57. Bhilkhedi.
58. Agar No. I.
59. Tijarat No. I.

Mandsaur District.

60. Nayapur.
 61. Kamalhara, Mandsaur.
 62. Narsingpura.
 63. Kitiyani.
 64. Lalghati.
 65. Kanavati.
 66. Neemuch.
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APPENDIX VII.

Names of Societies Audited in Detail.

Esagarh District.

1. Futera.
2. Pachhar No. II.

Bhilsa District.

3. Hinotia.
4. Dholkhedi.

Gird District.

5. Khasori.
6. Badagaon No. III.

Tawarghar District.

7. Shivlal-ka-Pura No. I.
8. Shivlal-ka-Pura No. II.

Sheopur District.

9. Kanapur No. I.
10. Kanapur No. II.

Bhind District.

11. Bhind No. III.
12. Haibatpura.

Narwar District.

13. Badodia.
14. Joor No. I.

Ujjain District.

15. Khajuria Numavat.
16. Bhesod.
17. Dudarsi.

Shajapur District.

18. Haraipura.
19. Maniharwadi.
20. Agar No. I.
21. Tijarat No. I., Susner.

Mandsaur District.

22. Kitiyani.
 23. Lalghati.
 24. Manavati.
 25. Neemuch.
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APPENDIX VIII.

Names of Societies Super-audited.

Gird District.

1. Kashipur.
2. Tigra Kalan.
3. Chandral.
4. Ramgarh No. I.
5. Dabra No. I.
6. Kariawati No. I.
7. Kariawati No. II.

Tawarghar District.

8. Baravkhar.
9. Mariakhar.
10. Rathalkapura.
11. Dinari.
12. Alipur.
13. Kashipur.
14. Tiktoli.
15. Tindoli.
16. Deopur.

Sheopur District.

17. Radep.
18. Kanapur No. IV.
19. Bijiapur No. I.
20. Bijiapur No. II.

Bhind District.

21. Bara Kalan No. I.
22. Jamna.
23. Chhimka.
24. Nonari.
25. Mehgaon No. II.
26. Deori.

Narwar District.

27. Karera.
28. Dinara.
29. Kachipura No. II.
30. Rajpura.

Ujjain District.

31. Palkhanda.
32. Piploda Dwarkadhish.
33. Manpur.
34. Morukhedi.
35. Harnyakhedi.
36. Badnagar Tijarat No. I.
37. Lakshesra.
38. Badagaon.
39. Kamthana.

Shajapur District.

40. Bhilkhedi.
41. Meherkhedi.
42. Gadiwan Karwa.
43. Tijarat No. II, Agar.
44. Tijarat No. I, Susner.
45. Tijarat No. II, Susner.

Mandsaur District.

46. Nayapur.
47. Khilchipura.
48. Narsingpura No. I.
49. Kanavati.
50. Barukhara.
51. Jawad No. I.
52. Jawad No. II.
53. Gangapur No. I.
54. Gangapur No. III.

Amjhera District.

55. Chatbari.
 56. Amodia No. I.
 57. Antedi.
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