



AgEcon SEARCH
RESEARCH IN AGRICULTURAL & APPLIED ECONOMICS

The World's Largest Open Access Agricultural & Applied Economics Digital Library

This document is discoverable and free to researchers across the globe due to the work of AgEcon Search.

Help ensure our sustainability.

Give to AgEcon Search

AgEcon Search
<http://ageconsearch.umn.edu>
aesearch@umn.edu

*Papers downloaded from **AgEcon Search** may be used for non-commercial purposes and personal study only. No other use, including posting to another Internet site, is permitted without permission from the copyright owner (not AgEcon Search), or as allowed under the provisions of Fair Use, U.S. Copyright Act, Title 17 U.S.C.*

Vol XVI
No. 2

ISSN

0019-5014

APRIL-
JUNE
1961

INDIAN JOURNAL OF AGRICULTURAL ECONOMICS



INDIAN SOCIETY OF
AGRICULTURAL ECONOMICS,
BOMBAY



Co-operative Independent Commission Report, Co-operative Union Ltd., Manchester, 1958. Pp. xi+320. 6s.

Pursuant to the decision taken in the Co-operative Congress of the Co-operative Union Ltd., held at Edinburg in 1955 that more decisive action is necessary if progress is to be made towards securing the utmost advantage from co-operative production resources, an inquiry commission consisting of persons not engaged in co-operative management or administration was appointed under the chairmanship of Rt. Hon'ble H. T. N. Gaitskell. It was charged with the responsibility of surveying the whole field of co-operative production and marketing (both wholesale and retail). The book gives the detailed account of the work done by the Commission and its recommendations. As the Commission was composed of people who were not related directly with the movement the study and the recommendations assume a distinct significance.

The Report is divided into five main parts. Part one — "Diagnosis and Principles" — deals with Co-operative Progress and Principles. Parts II and III depict the picture of the Retail Movement and the Capital Position. An account of production and wholesaling is given in Part IV and the summary of conclusions and recommendations are recorded in Part V.

No doubt, the co-operative movement in England and in our country differs to a considerable extent but the Commission's findings especially those on Retail societies, are of significance to us. The Commission observes that during the post-war period the progress of co-operative movement was slow. There was however an exceptional increase in the co-operative sale of milk (34.2 per cent of the total sales in 1955). This brings out the fact that there is greater reliance on "standardised" commodities and those whose sale largely depends upon efficiency of delivery services. The weaknesses noticed by the Commission, *viz.*, inadequate total number of outlets, unsatisfactory distribution of these outlets, variable standards of shops, faults in regard to range and quality of goods sold, deficiency in management and above all absence of sufficient central technical assistance and lack of national retail bodies merit consideration in our country also. The Commission very rightly recommends that the Movement needs a new central retail institution, *i.e.*, the Co-operative Retail Development Society, to provide leadership and co-ordination of a kind which can come only from a national body. This body should establish national chains of specialist shops.

The consumer stores have necessarily to safeguard the interest of the buyers. The Commission lays down that fundamentally four principles should be noted — (1) ultimate control by consumer members, (2) payment of surplus dividend on purchases, (3) limitation of the reward to capital and the more important, (4) the duty of co-operative society is not only to protect consumers against exploitation but derive the greatest possible positive benefit from the existence of co-operative movement. The objectives should be to sell the goods at prices which are not consistently under-cut by any major competitor and to sell goods for which the *society can accept complete responsibility*. The slogan given by the Commission that "nothing is too good for the co-operator" and the ambition that "co-operative" comes to be a synonym both for leadership and dependability in respect of prices, quality and service should be always remembered by the co-operators in our country. The attitude of the people at certain places is wrong. The word

"co-operation" to them is associated with a drab colourless, old fashioned mediocrity. This view indeed needs to be changed.

The report also deals in detail with the issues of the management, recruitment, salaries and promotion, training and labour relations. One must go through the book to get the idea of the problems confronted and the solutions suggested. Its recommendation to the Co-operative Union and to the Wholesale Societies are based on the detailed study which, if implemented, will greatly benefit the movement.

Attention of co-operators may be drawn to a few recommendations which are particularly vital to us. In the recent Bill on co-operatives, the Maharashtra Government increased the maximum rate of dividend from the permissible limit of $6\frac{1}{4}$ per cent to 9 per cent. It will be pertinent to see what the Commission observes in this respect. It recommends that "when faced with the choice between a small increase in dividend and an additional allocation to the reserves, societies *should normally choose the latter.*" *The policy should be to stabilise dividend and not to augment it.* Secondly, the Commission points out that in days to come the societies cannot expect more capital from members in relation to the business. Naturally, it is recommended that the "societies should allocate substantially more to reserve than they do today." Seen in the context of poor reserves of the co-operatives in our country this observation is worth considering.

Reviewing the traditional arguments for co-operative production in the light of present day conditions the Committee concludes "...in the field of basic foodstuffs, which is the most traditional field of co-operative production, it is still the case that operating costs are reduced if the entire chain of distribution, including wholesaling, processing and production is vertically organised." I cannot resist the temptation to quote what the Commission has to say on the responsibility of the producer as well as the retailer to each other. It observes: "The first loyalty of the retail societies should not be to co-operative factories but to its members. These loyalties will not conflict if the factories produce goods in demand. But if the members express a preference for non-Co-operative goods, the responsibility rests squarely on the producer: either his price, or his quality or his choice of product is at fault."

Today when consumer co-operation has acquired considerable significance in our country the recommendations of the Commission need to be studied with interest. The tardy progress made by the consumer co-operatives reflects primarily a lack of capacity to compete with private traders. We have so far given our attention to the agricultural credit. Time, however, has come to look to this side of the movement also. With controls and Government support, the consumer co-operation had flourished during the Second World War. Thereafter however the movement suffered a decline.

We have already accepted State-partnership in the co-operative credit structure at the three levels, viz., the apex, the district and the primary. This has given the movement a new momentum and the progress made in the agricultural sector is doubtless significant. It is not known why the same principle of State-partnership is not extended to this neglected side of the movement, without whose progress the edifice is bound to remain incomplete.