

Centrally Planned Rural Development in India

Some Problems

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How should rural development programmes be implemented?

To Albert Mayer who initiated the Etawah Pilot Project the prototype on which the Planning Commission modelled its Community Development projects and National Extension Service, the entire village is a unit in neediness. The existence of a social structure involving deep economic and social disparities notwithstanding, Mayer is impressed not so much by the greater need of one section in comparison with another as the general neediness¹ of all. The community development programme, therefore, appears to him the primum mobile of rural development. His faith in the success of community development programme rests on the confidence that, structural obstacles to village development are either non-existent or unimportant.

To Daniel Thorner, on the other hand, the project approach to rural development would appear unrealistic. Disparities of status and power hamstring community activities in more ways than one and rural development would be difficult without through-going structural changes.

Which of these points of view is placing the emphasis more correctly?

ONE of the crucial aspects of India's planned modernization is her attempt to raise agricultural production and to improve the level of living of her vast rural population. The community development programme is a major part of this undertaking. Beginning with an emphasis on agricultural improvement, the programme spreads to cover all types of rural development and is predicated on the philosophy that what has been accomplished elsewhere by fiat and force, will be accomplished in India by democratic legislation and persuasion. A basic aim, indeed, is the creation or revitalization of democratic institutions in each village. It is hoped that a mounting enthusiasm for advantageous change will be directed by these institutions. It is also hoped that each village in India will learn gradually to generate its own projects of improvement, planning them democratically and carrying them out with the needs of all segments of the community in mind. It is an ambitious programme and, in one or another form, in the next few years it will have reached the lives of some 300 million villagers.

Difficulties are inevitable in any attempt to do so much for such large numbers, and when one reads the extensive literature evaluating Indian rural development, one finds that there is agreement among most observers that response from the villages has not come up to expectations.¹ Agricultural efficiency on the whole has not improved as much as was hoped, nor have village values yet changed to the point where there is widespread readiness

to generate local, democratically controlled development schemes.

A Unit in Neediness

But while there is much agreement among recent observers of the Indian rural scene both about high-level ends about the failure to move as rapidly as was hoped toward their achievement, there is disagreement among many of them about other matters related to the problem of village improvement. Often the disagreement concerns means for achieving the desired ends. This difference of opinion, in turn, leads to emphasis upon different aspects of the situation when reasons for failure to attain desired goals are discussed. Something can be learned from such divergence; and I have found two of these points of view, and the oppositions they express, enlightening. I should like to present them and to inquire wherein and why they differ. I will then suggest how, on the basis of information from an Indian village I am acquainted with, both viewpoints contribute to our understanding of rural development problems. Finally - goaded a little perhaps by the knowledge that such a noncommittal outcome is to be expected by those in

]. See, for example :

Report of the Team for the study of Community Projects and National Extension Service. I, II. Committee on Han Projects. New Delhi. 1957.

(Contributed) "Agricultural Development: No Integral Approach." *The Economic Weekly Annual*. January, 1959. 229-230.

A C Guha, 'Foreign Experts' Evaluation." *Kurukshetra*. January 26, 1960. 17-18.

my profession I will indicate why I tend to weigh one more heavily than the other.

The first of the two observers is Albert Mayer, a man perhaps much more aptly described as a *participant* observer than as a mere observer. Mayer is a prominent New York architect who became interested in India's rural problems while serving in India as a soldier during the war. His concern led him to plan the Etawah Pilot Project, the prototype on which the Indian Planning Commission modelled its Community Development Projects and the less intensive National Extension Blocks. Previous attempts at rural reform had been made in India. Mayer had studied these and had learned from them. Rut his Project was so much broader in scope and in many respects so differently conceived that without too much exaggeration he can be called the father, or at least the primary guiding spirit, of the whole subsequent community development programme.

When Mayer is thinking about what should be done in the villages —when, that is, he is thinking about means—he tends to regard the village as a whole in a very special sense. It is a whole or unit in *neediness*. What impresses him is not so much the greater need of one community in comparison with another as the general neediness of all. Landless labourers may require better wells, and poor artisans may require better equipment; but, Mayer would say, the relatively wealthy farmers, to name only one of their needs, also require better implements and methods of planting. In addition to

such sectional needs as these, he notices that there are many requirements shaved by everyone in the community. A mail which seasonally becomes impassable is an example. Beginning with the village as a place in which deprivation is both striking and general, Mayer moves to the Community Development Projects or National Extension Blocks, and he sees them as the primary means for doing something about the problem. He is not unaware of the importance of other kinds of means (Mayer: 1958:14): they merely do not occupy the forefront of his attention.

Structural Obstacles Insignificant

When Mayer thinks about the Community Development (Projects), he places heavy emphasis upon a spirit, of equalitarianism. This spirit should permeate the internal organization of the projects and the methods used by its village representatives. Officials at the village level must be skilled in finding out what the villages really want. It then becomes a matter of teaching the villagers that many of these aims can be achieved through democratic, cooperative effort, with the government lending assistance only when needed. As a group, the villagers for instance should prepare the road for surfacing. Only when they have done as much by their own efforts should the government step in and provide the necessary surfacing equipment. In teaching the virtues of democratic cooperation at the village level, the project organization itself must provide an example. Although it is a government bureaucracy and is composed of people who have varying status and varying income, in its every-day operation it nevertheless should be able to show that regardless of these differences, important as they are to the Indian mind, there can be democratic give and take.

As Mayer conceives of it, community development of this kind when successful brings about a change in what he calls "the texture of existence" (Mayer: 1958:16). The level of living of each community is raised, the lessons learned in democratic cooperation mitigate the dominance of the weak by powerful sectional interests. People are alerted to change and their initiative and their level of expectations both rise together. Village improvement to a high degree becomes self-propelled.

And all this can happen despite the existence in the villages of a social structure which involves deep economic disparities which are buttressed by the social usages and ideology of caste. "Fundamentally," Mayer (1959:477) has written, "the project method rests on a degree of confidence that structural obstacles to village progress are either nonexistent or insignificant."

Now, with Mayer's point of view in mind — standing beside him as it were we will look at a Community Development Project and some of the ways it affected a village in which I did field work. The village, called khalapur, is situated in northwest India, not far from the Punjab and about 90 miles north of Delhi. It is a large village with a population of about 5000. The landowners, who are Rajputs with a heritage of militancy and secular power, account for 42% of the population and own over 90% of the land. Most other segments of the population, about a quarter of which is composed of Untouchable groups, are landless. Some Rajputs are poor but as a group they stand above other in the village, both in wealth, social status and political power. Though it is larger than many villages, in its general social outlines khalapur does not differ from other villages in north India.

Since space is limited and I cannot view all of the Project administration nor all of the project officials who spent time in khalapur. I will direct most of my attention to a single type of project official — an official termed the Village Level Worker, or just VLW. The VLW is a new type of government officer, and his role is of pivotal importance in development work because it represents the point at which the community projects come into closest daily contact with the villagers. It is impossible for him to be a specialist because¹ in addition to agricultural improvement, he also devotes his energies to social education and an array of other forms of village development. He is a multi-purpose worker, like our own country agents (in the USA), and a special effort has been made to train VLWs in the persuasive, rather than the authoritarian approach. In some areas of India, in fact, he has been given the title of "village friend."

The first VLW to work in Khalapur was a man in his forties.

He had become a VLW against his wishes. Formerly a petty official in the Agriculture Department, he had been removed from his former post, given a six month period of training, and then sent to the Community Development Project which was serving khalapur. The VLW was bitter because he now had, to work longer hours for the same pay. More hard to bear was what he construed as a loss in status. In his other job, he said, when he had to give demonstrations of new agricultural methods and implements, he had a clerk to carry his equipment. Now he had to carry it himself. He did not understand or approve of the¹ new role of "village friend". He encouraged the villagers to address him as "Inspector sahib/" his former title; and many villagers thought he was merely a somewhat different kind of official from the Agriculture Department.

What Is, What Might Be

There were other ways in which his behaviour reflected the old rather than the hoped for new pattern. The Project administration was given some* cement, a product which was in short supply in the region. Farmers who would agree to use it for Project-approved purposes were allowed to purchase some at a reduced price. There, was competition among khalapur farmer-, to obtain this permission and the VLW turned these pressures to his own advantage. Behaviour of this kind led to the formation of cliques. Land which belonged to members of the VLW, clique generally was selected for demonstration purposes, and members of this; group received other advantages, such as trips to visit model government farm-.

Such a man, who is obviously an obstacle to the kind of development programme, envisaged by Mayer, represents the kind of difficulty which derives from the speed with which it has been felt necessary to expand the community development programme. Faced by the call for expansion from the Central Government and without adequate or proper personnel, the various State planning departments have had to work with those persons who were, or could be made quickly available. It is a difficulty which Mayer foresaw and has long been aware of. "The inadequacy of personnel in numbers, character, and training", he wrote to a highly placed Indian official in 1955, "is

visible and inevitable at every level from the Village Level Worker in the field, right up to the high level personnel" (Mayer : 1958 : 316)

After, about a year in Khalapur the first VLW left and, one is happy to say, returned to the Agriculture Department. He was replaced by a VLW who much more closely fitted the ideal pattern, a man the villagers praised as a "sincere worker." I knew this second VLW less well than the first. By the time he arrived my work had begun to take me into other aspects of village life. In what follows I will draw on information secured by my colleague, professor Dube (1958). In the book Dube wrote about community development in the village I am discussing, there is a vivid day-to-day diary record of ten days in the life of this new VLW (192-221). One is tempted to linger over some of the accomplishments it records. Our present task, however, directs our attention to other aspects of the account.

One notes, for example, the description of his relations with one of his immediate superiors, the Assistant Project Officer for Agriculture (194-195). In training school the VLW had been taught that when possible he should cooperate with officials from other government departments. He also had been taught to expect a non-authoritarian spirit among members of his own Project staff. One afternoon (as he records it in his diary) he walked four miles to another village in an attempt to help the Agriculture Department's Cotton Supervisor in obtaining an improved variety of seed. When his immediate superior, the Assistant Project officer for Agriculture, learned of this trip he regarded it as a form of malingering and wrote the VLW a very stiff letter. Throughout the letter he addressed the VLW by his last name without preceding it by the courteous *Shri*. He also addressed him by a form for "you" (*tum*) which in Hindi carries an implication of inferiority and discourtesy. Later, when he came to the village, he complained about the VLW before some of the village farmers.

"What am I to do?" asks the VLW in his diary. "If I had not cooperated with the Cotton Supervisor there would have been the complaint that (he VLW was not functioning as a multi-purpose mau

and was not cooperating with other development officials; and when I did cooperate, here I am being warned that I will be sacked."

From the diary (217-219) and from other portions of Dube's book (162, 167-168, 176) we learn that Project staff meetings were not functioning as it was hoped they would. Ideally VLWs were to come to staff meetings to discuss field problems and to make suggestions, some of which conceivably could result in an alteration of over-all Project plans. In the meetings as actually conducted, the higher project officials did most of the talking, while the VLWs listened. Generally VLWs who did put forward their own views were regarded as bothersome and disrespectful.

Targets Achieved by Wishful Reporting

It must not be thought that the responsibility for this type of staff meeting is to be laid entirely at the feet of the higher Project officers. They were under pressures which encouraged such behaviour. The State provided each Project with a model budget. In theory it was expected that these budgets would be modified according to the unique needs of each Project. In practice they were regarded as quite inflexible, with the various suggested aims being treated as targets which the Project director and his immediate staff had to achieve if they were to remain in good with their superiors. This was a situation which not only discouraged give and take in staff meetings; it also led to the achievement of targets by wishful reporting.

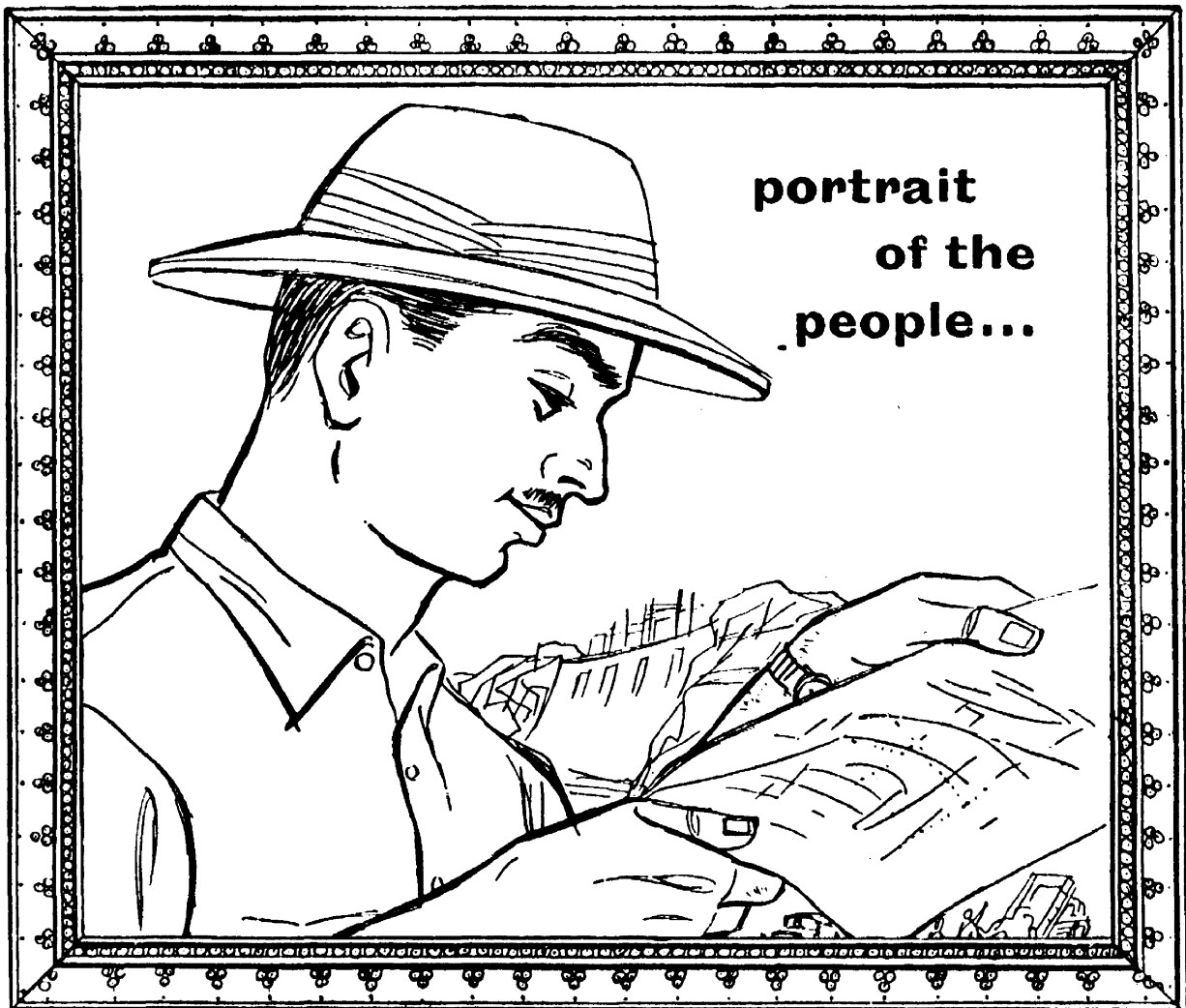
A final point to be made about the VLW from our present vantage point concerns his work load. Let us look at one of his not untypical days (Dube: 1958: 196-198). On November 2, 1954, a farmer came to the VLW's house at four in the morning. The VLW walked a mile to the farmer's fields and there worked for three hours laying out three demonstration plots. At 8 A.M. he bicycled to a village some three miles distant. The helpers needed for laying out a demonstration there were not present and he had to walk into the village to round them up. In the early afternoon he returned to Khalapur and had lunch. He then vaccinated 20 primary school students. Borrowing

a bullock cart he next drove four miles to another village to pick up one of the Project's mechanical seeders. At this point he discovered that bureaucracy is not necessarily limited to government: I the farmer who had the drill balked at turning it over and agreed to release it only after lengthy discussion and after receiving a written receipt. By 7-30 P.M. the VLW was back in Khalapur and went immediately to a community hymn-singing programme which had been stimulated by the Project as a form of rural education, following this he had a conference with the Principal of the local secondary school, then went to talk with the school agricultural teacher who was to help him demonstrate the use of the drill. He got back to his quarters at 9 P.M.: but before he could go to bed he still had to write up his diary and record the names of the 20 students he had vaccinated. With such a work load (which included trips by foot, bicycle or bullock cart of some 16 miles) it is not surprising that the VLW found it impossible to respond adequately to all the many demands placed upon him. And it may be noted parenthetically that when he went out to the fields at 5 A.M. the next morning, accompanied by an important village leader and his two sons, he found that the drill he and the agricultural teacher were to demonstrate was out of order.

Structural Obstacles Most Important

When looking at rural development with Mayer as a guide, we find it is the community development programme which looms largest. Among the problems which this programme faces, some of those which emerge most clearly are the unsatisfactory character and preparation of personnel who come into contact with villagers; the lack of equalitarianism and flexibility in Project administrative structure; and the extremely heavy work load carried by the VLW. And remembering the broken seed drill, we may list in addition the problem, especially acute under Indian conditions, of securing and maintaining the necessary equipment and supplies.

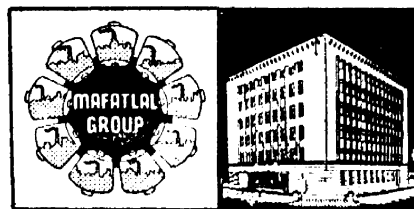
The second person through whose eyes we will look at rural development and its problems is an economic historian. A former teacher at the University of Pennsylvania, Daniel Thorner for the past decade



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or so has been devoting himself, in India, to a study of Indian history and contemporary affairs. He is especially interested in the agrarian problem.

When Thorner thinks of the means necessary for rural development, we find the situation looks quite different to him than it does to Mayer. To Thorner, Mayer's statement, that, the project method rests on a degree of confidence, that structural obstacles to village progress are either non-existent or insignificant, qualified though it is, would seem to involve a highly unrealistic assumption. Thorner would argue that without thorough-going structural change rural development in general, and the community development programme in particular, will be greatly handicapped. He points to the great gap which exists in a high proportion of India's villages between the wealthy, landed, and politically powerful and the poor, landless, and politically weak. In view of this fact, he claims, talk of truly democratic co-operation for the good of all sectors of the community particularly when these differences are supported and enhanced by the ritual structure of caste is wishful thinking (Thorner : 1953 : 215).

Village economic and political inequities are based largely upon the distribution of land. Those villagers who own land are best off economically; they also by and large are "the ones who . . . enjoy the most esteemed and privileged position socially, and are the ones who have the controlling voice in the political life of the village" (Thorner : 1953 : 210). The existence of this group, Thorner believes (Thorner ; 1956 : 12, 78) has an important bearing on India's failure to achieve hoped-for agricultural output. The more wealthy village landowners cultivate many of their plots by the use of tenants and hired labour. The existence of a gap between proprietary right-holding and actual field labour often means, in turn, that the land either is being cultivated by those who cannot afford to make innovations, or by those who have, so little stake in their work that they do not take the pains necessary to obtain the most from it. Thorner further believes that the continuance of a system in which many landowners abstain from manual labour is a detriment to the creation of the

democratic spirit which is desired in the villages, for such abstention is one of the potent symbols of casteism (Thorner : 1956: 11).

Pressing Need for Economic Security

But what of the reforms that abolished landlordism? one asks. Hasn't that distributed land more equitably and evened out much of the economic and political inequality." Thorner (1956 : 14-50) argues that in most regions of India a landlord class very similar to the old one maintains a dominant position in village life. I am not in a position to evaluate his contention about all India, but what he says about Uttar Pradesh, the state in which Khalapur is located, I believe is essentially correct.' With still more confidence I can report that what he says is true of Khalapur and the surrounding region. Here the law did reduce some of the largest estates, but the holdings which it permitted the wealthier families to retain still were so large that their position of economic and political ascendancy was little changed. Even in situations where these large landholders legally were required to give up land to tenants.

2. According to Thorner (1956 : 14) India since 1947 probably has passed the largest body of agrarian legislation in recorded history.

3. "In sum, the Uttar Pradesh Zamindari Abolition Act has provided for a new hierarchy of tenureholders in place of the old one; but the two are recognizably similar. At the top are the bhumidars, below them the sirdais, and still further down the asamis. At the bottom of the heap remain the mass of crop sharers and landless labourers. The Zamindars have disappeared but these same persons have been confirmed as landholders, often of very substantial tracts of the best quality of land. Intermediaries as SUCH are not allowed and the leasing out of land is prohibited, but it is possible to retain the status of a "cultivator" while tilling solely with the labour of hired workers, or by giving out one's fields to crop sharers" (Thorner: 1956 : 25). See also : Frank J Moore and Constance, A. Freydis, Land Legislation in Uttar Pradesh. Modern India Project, Monograph No L South Asia Studies.

Institute of East Asiatic Studies. University of California. Berkeley, 1955.

their local power was such that they could frustrate the law. A repeatedly used device was to persuade the village accountant to change entries in the land record, A few of these wealthy families today do most of their cultivating with hired labour and crop sharers; many of them do at least a portion of it in this way.

Now let us follow the same procedure that we did with Mayer and look at Khalapur's rural development programme through Thorner's eyes. If we turn again to the diary of the VLW certain things emerge which did not emerge as clearly when looking at it through Mayer's eyes. One notices, for example, that when the VLW visits various landless, low caste groups, he generally opens the conversation by telling them what the Project is prepared to do for them (201-203". 207, 209). These statements then usually are followed by discussion about how one or another of the things he has suggested might be carried out how money, say, for improved handlooms, might be obtained. But gradually as the talk proceeds and the initial reticence wears off, the things that the group really are concerned about begin to emerge. Among other things these villagers express awareness of the fact that the community development programmes are really of greatest benefit to the wealthier segment of the community, or they make evident their pressing need for greater economic security.

"The government comes to us only when it wants us to do some work for them." said one Untouchable, "otherwise never. We do not have enough to eat and they ask us to build new houses. Why cannot they give us land?"

"What about forming a cooperative Society"..... asked the VLW.

"We do not have even paddy (a kind of pulse)," was the reply, "and you want us to wear gold ornaments." (203)

Even allowing for the often-exaggerated poverty which almost all Indian villagers claim, these replies reveal the undoubted truth that for many segments of the population community development programmes often fade in relevance before, what are felt to be difficulties much more basic than these programmes

can touch. One notices tin's also when the VLW is asked to help assert what is felt to be a legitimate claim under the present government against one or another of the wealthy landowners. The VLW meets an Untouchable a leather-worker, and this man (the VLW later notes in his diary) told me that his brother had been manhandled and beaten by Malkhan Singh Ia Rajput Zamindar). I consoled him and asked him to suggest politely to Malkhan Singh not to repeat this thing in the future" (20-1-205).

In my own notes I find the following example which will serve to suggest some of the obstacles to community-wide and democratically-based planning which are posed by the existence of the village power and status gulf. Following Independence an elective village council was created by the government in khalapur and by law a number of Untouchables were given seats on it. At the first meeting, in the first blush of enthusiasm following Independence, all members of the council, including landowners, sat on the ground. At a subsequent meeting cots were introduced. The landowners present sat on them and the Untouchables and other low caste men sat on a strip of cloth. Later the cloth was removed and all the lower caste men sat on the ground. By the end of the first year none of the lower caste men were even informed when meetings of the council were to be held. Clearly such a council cannot stimulate or guide a drive toward improvements relevant to the various needs of the total community.

Disparities of status and power also serve to hamstring community activity in other respects. There was the occasion, for instance, when the VLW asked some Untouchables - to attend the community hymn-singing. They inquired whether the landowners would permit it and were told that the landowners had said they would. At this, one of the Untouchables replied :

"There is a saving elephant has two sets of teeth our that he shows, another that he use;. They may say whatever they like, but they will never let us sit with them" (Dube : 1958 : 212)

There are incidents in the VLW's diary which also support Thorner's contention that hired labour is not efficient enough to meet present

needs. A farmer was asked if he would try the Project's dibbling method of providing for his seed grain needs next year. He replied:

"Yes, if the government asks us again. We cannot give all our time to these things, and the labour we hire has no patience for these methods. We cannot keep an eye on them all the time, and when left alone they wilt perhaps do it the way they have done so far" (196).

Suspicion of Development Programmes

When we look at Khalapur through Thorner's eyes we see that far-reaching social and economic inequalities, and the agrarian structure on which they mainly are based, continue to exist. We also see how these factors, along with the agricultural and hence landowner stress in the community development programmes, lead to dissatisfaction with the government and suspicions of its development programmes among the poor. We can see too how the same factors are in part responsible for failures in democratic community cooperation and, somewhat paradoxically, for inefficiencies in agriculture.

Neither of the two viewpoints is a matter of black and white. Mayer is aware of what Thorner sees, but his way of conceiving of the village and his faith in the project method cause these features to fade into the background. Thorner, on the other hand, would concede that community development, as Mayer thinks of it, should play a role in rural development. But his way of thinking of the village, with its deep-seated socio-economic and political cleavage and his belief in the primary importance of its removal, causes him to relegate community development programmes to a definite second place. They appear to him now as a kind of temporizing.

Which of these points of view, would I say, is placing the emphasis more correctly? On the basis of my experience and knowledge, admittedly limited. I find Thorner's side of the continuum the more congenial. I already have suggested how events in khalapur support his contentions, and I wish now to add one more item. It bears on the question of morale. The initiative, and even enthusiasm, which the villagers must find if India is to achieve its aims - aims which are of such vital importance not only to India herself but to us in the West

— must be of a much higher order than they are at present. When I was in India five years ago I was impressed by the lack of just these qualities in rural areas, and from all I can learn, to date there has not been a marked change. These qualities do not exist among the village poor and Thorner's analysis has helped us to understand why. They don't exist among the landed either, and I would suggest that this is because they, like the poorer segments of the community, realize that issues much more basic than those touched upon by the community development programmes are still in abeyance. The landed see the community development programmes as part of what they call "the new order." and this order has meant to them more than just new agricultural methods and hymn-singing: it has meant the attempted abolition of landlordism, together with the spread of an anti-caste¹ and anti-privilege ideology which threatens further inroads on their dominant position. As a result of these factors there is satisfaction on neither side of the village economic cleavage.

It also seems to me, ironically enough, that with each improvement in the community development programme — with each fuller realization of the aim to increase expectations and to improve the texture of village life — the frustrations created by structural obstacles are further exacerbated. For despite shortcomings of the kind we have seen, the development programmes do improve. The arrival of the second VLW is a case in point. The heightened awareness of a discrepancy between what is and what might be which comes with this improvement is community-wide. But it is likely to reach its greatest intensity among those who are the most seriously disadvantaged. Their growing frustration can be dangerous, for it can seriously* threaten the hope of Indian leaders that they will be able to make haste, but slowly enough so that it can be done democratically.

This line of thought brings one to an unpleasant impasse. Though I agree with Thorner about the importance of structural obstacles, I am not at all certain that his plan to make further redistribution of the land, so that all of it is held by the actual tillers (Thorner: 1958: 83), is the answer. This might mitigate somewhat the socio-economic

and political disparities in the village and it might improve incentive to greater agricultural efficiency. But wouldn't the latter gain be more than offset by the decline in efficiency due to increased fragmentation? There are many in the Congress Party, including Nehru, who wish to see village lands farmed co-operatively, with hoped for gains in output and a larger share for the landless. As yet little has been done in this direction, and it may be that little more will be done.

What Price Gradualism?

Assuming that the present programme, will be continued without much change, the observations of an anthropologist who recently visited a north Indian village which he and others have been observing over the past decade are of interest (Colm : 1059:963-966). On the basis of trends which now are perceptible, and without any basic unsettling of the existing village social structure, he sees many of the landowners' sons, together with many of the landless, moving out of the village and into the city, the former as part of the "white collar" class, the latter as part of the emerging working class. As a result of this very gradual change he believes that "in a generation's time . . . the village will be in the hands of small peasant proprietors, with a floating group of landless workers, counterbalanced by a modern industrial urban culture . . . Paradoxically enough he concludes) India will develop a peasantry in the middle of the twentieth century such as we are familiar with in European history of the eighteenth and nineteenth centuries" (966).

Such gradualism is devoutly to be wished. But if our analysis has any utility at all it will, I think, create certain misgivings about this kind of solution. I will conclude with some of the questions which come to mind. One wonders, for instance, whether the massive industrialization needed to draw off the excess landed as well as the excess landless can be supported by forms of agrarian management which essentially are the same as they are today. Will such management be efficient enough? Furthermore, it is possible, in the face of increasing expectations — especially when we know that the call of a competing ideology is likely to become more and not less insistent — to proceed without disruption at such a leisure-

ly pace? Will it be possible politically in a country of some half million villages to arrive during the span of a generation at a point where the social structure and economic relations of those who remain in these villages are still spelled out essentially in terms of landed proprietors- and landless labourers?

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		20,00,00,000	00	1. Capital :		20,00,00,000	00				
				Authorised Capital—20,00,000 shares of Rs. 100 each							
5,62,50,000	00			Issued, Subscribed and Paid-up Capital—(pursuant to Section 5(1) of the State Bank of India Act, 1955)—5,62,500 shares of Rs. 100 each				5,62,50,000	00		
7,20,00,000	00			2. Reserve Fund and Other Reserves				7,45,00,000	00		
1,68,86,811	00			2A. Integration and Development Fund (maintained under Section 36 of the State Bank of India Act, 1955)				1,97,79,687	00		
				3. Deposits and Other Accounts :							
		313,23,53,629	33	Fixed Deposits		312,81,16,767	56				
		36,47,68,527	22	Savings Bank Deposits		41,84,40,699	61				
581,16,94,099	75	201,45,71,943	20	+Current Accounts, Contingency Accounts, etc.		221,66,74,334	90	576,32,31,802	10		
				4. Borrowings from Other Banking Companies, Agents, etc. :							
		10,00,00,000	00	§(i) In India		8,17,00,000	00				
11,95,50,000	00	1,95,50,000	00	(ii) Outside India		1,79,50,000	00	9,96,50,000	00		
				§Includes an amount of Rs 17,00,000 borrowed from the Refinance Corporation for Industry (Private) Ltd. as per contra							
				Particulars :							
		11,95,50,000	00	(i) Secured by Government Securities, Bills Discounted and other securities assigned for re- finance per contra		9,96,50,000	00				
				(ii) Unsecured				9,96,50,000	00		
		11,95,50,000	00								
8,52,13,974	01			5. Bills Payable				8,22,64,096	79		
				6. Bills for Collection being Bills Receivable as per contra							
		3,07,36,405	25	(i) Payable in India		1,66,33,235	63				
3,33,24,501	55	25,88,096	30	(ii) Payable outside India		29,01,139	50	1,94,34,375	13		
				7. Other Liabilities :							
		56,25,000	00	*Final Dividend for the year		71,71,875	00				
		29,319	87	Unclaimed Dividends		29,870	74				
3,06,91,003	71	2,50,36,683	84	Inter-Office Adjustments (including Rs. 3,70,240.52 due to Imperial Bank of India)		6,18,31,562	35	6,90,33,308	09		
				8. Acceptances, Endorsements and Other Obligations per contra				1,55,77,893	37		
1,46,42,202	08			9. Profit and Loss :							
		55,73,153	56	Balance brought forward from last year		55,87,498	79				
		1,87,10,445	23	Profit for the year		2,17,59,053	29				
		2,42,83,598	79			2,73,46,552	08				
				Amount set aside for payment of Dividend (made up of Interim Dividend Rs. 56,25,000 and Final Dividend Rs. 71,71,875)		1,27,96,875	00				
		1,12,50,000	00	Amount transferred to Reserve Fund		25,00,000	00				
		20,00,000	00	Amount transferred to Pension Funds		7,29,000	00				
		6,96,100	00	Bonus to Staff		42,00,000	00				
		10,00,000	00	Amount transferred to Staff Welfare Fund		5,00,000	00				
		2,50,000	00	Amount transferred to Staff Co-operative Housing Fund.		10,00,000	00	56,20,677	03		
55,87,498	79	5,00,000	00								
				10. Contingent Liabilities :							
				Claims against the Bank not ac- knowledged as debts				Rs. 3,31,924.52			
		Rs. 3,45,142.25		Bills of Exchange rediscounted				Rs.			
		Rs.		Outstanding Forward Exchange contracts				Rs. 20,68,45,230.79			
		Rs. 22,70,59,142.18		On partly paid-up shares				Rs. 2,54,00,000.00			
		Rs. 2,51,00,000.00		Guarantees given on behalf of Di- rectors, Local Board Members or Officers of the Bank				Rs. 98,650.00			
		Rs. 44,00,150.00		Guarantees given on behalf of others				Rs. 1,31,66,88,318.83			
		Rs. 1,22,37,74,757.92									
624,58,40,120	89	Total				Total		620,53,41,839	49		

In addition to the credit of Rs. 30,93,750 pertaining to the final dividend for 1959, a sum of Rs. 30,93,750 was credited to this Fund on account of the interim dividend declared in July 1960. A sum of Rs. 32,94,654 was appropriated from this Fund during the year, under the authority of the Reserve Bank of India, in respect of the losses for the year 1959 of the new branches established under Section 16(5) of the State Bank of India Act, 1955, vide item 7 of the Profit and Loss Account.

Includes Staff Welfare Fund and Staff Co-operative Housing Fund, ownership whereof vests in the Bank.

Of which Rs. 39,44,531.25 is to be credited to the Integration and Development Fund (item 2A above) bringing the amount in the said Fund to Rs. 2,37,24,218.25.

As at 31st December 1959				PROPERTY AND ASSETS				As at 31st December 1960			
Rs.	nP.	Rs.	nP.			Rs.	nP.	Rs.	nP.		
60,31,65,943	66			1. Cash :							
				In hand and with Reserve Bank (including foreign currency notes)						65,19,88,908	59
4,52,19,135	53	4,52,19,135	53	2. Balances with Other Banks :							
				On current account							
				(i) In India Rs. Rs.							
2,46,66,666	66			(ii) Outside India Rs. 2,72,71,799.03 Rs.		2,72,71,799	03			2,72,71,799	03
				Including Rs. 32,36,828.61 held abroad under special arrangement							
				3. Money at Call and Short Notice						1,73,33,333	33
				4. Investments							
				(Securities valued in accordance with Regulation 73; shares, debentures or bonds at or below cost):							
		362,84,14,192	92	(i) Securities of the Central and State Governments and other Trustee Securities, including Treasury Bills of the Central and State Governments		285,05,72,211	50				
		1,50,24,368	43	(ii) Shares authorised under the State Bank of India Act, 1955							
		2,80,64,225	50	Fully paid-up		79,24,368	43	1,55,24,368	43		
				Partly paid-up		76,00,000	00				
				(iii) Debentures or Bonds				3,35,69,911	50		
3,77,12,69,923	67	9,97,37,136	82	(iv) Other Investments -Pakistan and other Government Securities, etc.		9,74,08,654	56			299,70,75,175	99
				Of which investments of the face value of India Rs. 9,00,00,000 and Pakistan Rs. 2,99,69,400 are pledged against borrowings from other Banks, Agents, etc., per contra							
				5. Advances :							
				§(I) Loans, Cash Credits, Overdrafts, etc.—							
		152,25,18,737	20	(i) In India		213,10,98,337	20				
				(ii) Outside India		343,22,572	29	216,54,20,909	49		
				§Include term advances amounting to Rs. 3,42,93,786.67, of which refinance has been obtained from the Refinance Corporation for Industry (Private) Ltd. to the extent of Rs. 17,00,000 as per contra							
				§(II) Bills Discounted and Purchased—							
166,88,85,709	46	14,62,86,972	26	(i) Payable in India		11,18,31,687	37				
				(ii) Payable outside India		4,51,84,337	24	15,70,16,021	61	232,24,36,934	10
				Of which bills of the value of Pakistan Rs. 1,50,00,000 are held by the State Bank of Pakistan as security against borrowings as per contra							
				Particulars of <i>Advances</i> : See separate Statement appended							
				6. Bills Receivable being Bills for Collection							
				as per contra							
3,33,24,501	55	3,07,36,405	25	(i) Payable in India				1,66,33,235	63		
		25,88,096	30	(ii) Payable outside India				28,01,139	50	1,94,34,375	13
1,46,42,202	08			7. Constituents' Liabilities for Acceptances, Endorsements and Other Obligations per contra						1,55,77,893	37
		1,32,62,953	72	8. *Premises less Depreciation :							
		2,69,406	16	Total Cost up to the 31st December 1959		1,35,32,359	88				
		1,35,32,359	88	Additions (Rs. 56,74,663.06) less Deductions (Rs. 291.00) during the year		56,74,372	06			1,92,06,731	94
				Depreciation written off up to the 31st December 1960 less depreciation previously provided on property which has passed out of the Bank's possession		16,35,397	00				
1,21,98,491	88	13,33,868	00	9. *Furniture and Fixtures less Depreciation :							
		1,22,41,085	73	Total Cost up to the 31st December 1959		1,50,81,285	00				
		28,40,199	27	Additions (Rs. 31,54,035.44) less Deductions (Rs. 30,987.68) during the year		31,23,047	76				
		1,50,81,285	00	Depreciation written off up to the 31st December 1960 less depreciation previously provided on property which has passed out of the Bank's possession		52,22,718	78			1,29,81,613	98
1,17,08,809	22	38,72,475	78	10. Other Assets, including Gold and Silver :							
		2,85,09,359	96	Bullion							
		2,48,27,377	22	Adjusting Account of interest, commission, etc.		3,10,92,142	37				
6,13,38,737	18	80,02,000	00	Stationery, Stamps, Suspense, Tax Recoverable, etc.		2,20,10,327	86				
				Shares in Subsidiaries		7,05,68,000	80			12,36,70,471	03*
				11. Non-banking Assets Acquired in Satisfaction of Claims							
				12. Profit and Loss							
4,58,40,120	89			Total				Total		620,53,41,839	89

NOTE: Includes Rs. 1,30,705.53 (against which a sum of Rs. 46,231.00 is still to be received) being written down value of certain Pakistan assets sold, pending completion of formalities.

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st DECEMBER 1960

Year ended 31-12-1959	EXPENDITURE	Year ended 31-12-1960	Year ended 31-12-1959	INCOME (less provision made during the year for bad and doubtful debts and other usual or necessary provisions)	Year ended 31-12-1960
Rs. nP.		Rs. nP.	Rs. nP.		Rs. nP.
7,87,89,963 91	1. Interest paid on Deposits, Borrowings, etc.	8,05,03,580 04	*14,52,93,668 06	1. Interest and Discount	14,86,91,173 33
	2. Salaries and Allowances and Provident Fund (including Salaries and Allowances of Chairman Rs. 44,405.76 and Managing Directors Rs. 78,162.00 for the year)	7,31,68,616 32	3,60,58,940 07 3,78,024 20	2. Commission, Exchange and Brokerage	4,28,68,496 81
6,99,66,433 92	3. Directors' and Local Board Members' Fees and Allowances	97,320 00	.....	3. Rents	4,80,322 94
1,02,690 00	4. Rent, Taxes, Insurance, Lighting, etc.	42,98,224 16	.....	4. Net Profit on Sale of Investments, Gold and Silver, Land, Premises and other Assets ....	.....
37,47,361 31	5. Law Charges	1,91,995 53	.....	5. Net Profit on Revaluation of Investments, Gold and Silver, Land, Premises and other Assets ....	.....
1,72,455 82	6. Postage, Telegrams and Stamps	31,77,878 49	.....	6. Income from Non-banking Assets, and Profit from Sale of or Dealing with such Assets ....	.....
28,85,396 66	7. Auditors' Fees	75,000 00	.....	7. Other Receipts-- Recoveries from the Integration and Development Fund for the year 1959	32,94,654 00
75,000 00	8. Depreciation on and Repairs to the Bank's Property	22,02,596 70	35,31,909 00	8. Loss ....	.....
20,47,474 31	9. Stationery, Printing, Advertisement, etc.	39,62,739 07	.....	
36,62,953 08	10. Loss from Sale of or Dealing with Non-banking Assets ....	.....		
51,02,364 03	11. Other Expenditure	58,97,643 48			
1,87,10,415 23	12. Balance of Profit	2,17,59,053 29			
18,52,62,541 33	Total	19,53,34,647 08	18,52,62,541 33	Total	19,53,34,647 08

As at 31st Dec. 1959	PARTICULARS OF ADVANCES	As at 31st Dec. 1960
Rs. nP.		Rs. nP.
150,59,99,960 34	(i) Debts considered good in respect of which the Bank is fully secured	204,74,39,712 33
2,31,96,147 45	(ii) Debts considered good for which the Bank holds no other security than the debtors' personal security	2,69,27,335 7
13,96,09,601 67	(iii) Debts considered good, secured by the personal liabilities of one or more parties in addition to the personal security of the debtors	24,80,69,886 16
.....	(iv) Debts considered doubtful or bad, not provided for ....	.....
166,88,05,709 46		232,24,36,931 1
9,28,755 88	(v) Debts due by Directors or Local Board Members or Officers of the Bank or any of them either severally or jointly with any other persons	11,65,956 9
43,78,72,500 68	(vi) Debts due by companies or firms in which the Directors or Local Board Members of the Bank are interested as directors, partners or managing agents or, in the case of private companies, as members	63,16,82,27 4
11,91,419 55	(vii) Maximum total amount of advances, including temporary advances made at any time during the year to Directors or Local Board Members or Officers of the Bank or any of them either severally or jointly with any other persons	13,15,20 4
60,47,64,641 27	(viii) Maximum total amount of advances, including temporary advances granted during the year to the companies or firms in which the Directors or Local Board Members of the Bank are interested as directors, partners or managing agents or, in the case of private companies, as members	63,61,88,70 3
3,07,53,498 20	(ix) Due from banking companies	9,08,99,35 0

*Consequent upon the new procedure of deduction of tax at source introduced by the Finance Act, 1959, credit had been taken in the accounts for the year 1959 for anticipated tax refunds; previous year's figures are, therefore, not strictly comparable.

REPORT OF THE AUDITORS

TO THE PRESIDENT OF INDIA,

We, the undersigned Auditors of the State Bank of India, appointed under Section 41(1) of the State Bank of India Act, 1955, do hereby report to the Central Government upon the Balance Sheet and Accounts of the Bank as at the 31st December, 1960.

We have examined the above Balance Sheet and the Profit and Loss Account and the Accounts relating thereto of the Central Office and the Local Head Offices at Bombay and Calcutta and the Returns submitted and certified by the Secretaries and Treasurers of the Local Head Offices at Madras and New Delhi, by the Manager, Pakistan Branches and by Branch Agents, which Returns have been incorporated in the above Balance Sheet and Accounts, and report (i) that, in our opinion, the Balance Sheet is a full and fair one, containing all the necessary particulars and properly drawn up so as to exhibit a true and correct view of the affairs of the Bank, according to the best of our information and the explanations given to us and as shown by the Books of the Bank; (ii) that where we have called for any explanation or information such explanation and information have been given to us and have been satisfactory; (iii) that the transactions of the Bank which have come to our notice have been within the powers of the Bank; (iv) that the Returns received from the Local Head Offices at Madras and New Delhi and from the Branches of the Bank have been found adequate for the purpose of our audit; (v) that the Profit and Loss Account shows a true balance of profit for the period covered by such account; (vi) that, in our opinion, the Balance Sheet and Profit and Loss Account are drawn up in conformity with the law; and (vii) that, in our opinion, Books of Account have been kept by the Bank as required by law.

The Audit of the Books and Accounts of the Central Office has been carried out jointly by Messrs. S. B. Billimoria & Co. and Messrs. Ray & Ray. The audit of the Books and Accounts of the Local Head Offices has been carried out at Bombay by Messrs. S. B. Billimoria & Co. and at Calcutta by Messrs. Ray & Ray.

9th February, 1961

S. B. BILLIMORIA & CO. }
RAY & RAY } Auditors

P. C. BHATTACHARYYA, *Chairman* D. G. KARVE, *Vice Chairman*

S. P. PURI, *Managing Director*

PRATAPSIKH MATHUBADAS
M. H. HASHAM PREMJI
RAMNATH A. PODAR

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