A SHORT INTRODUCTION TO CO-OPERATION IN THE MADRAS PRESIDENCY

BY

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WITH A PREFACE BY

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PREFACE BY HIS EXCELLENCY LORD WILLINGDON.

Co-operation in its very general sense is particularly at this present time a paramount necessity amongst all races, classes and communities in India, if we are to secure the sound, solid and harmonious progress which must be the ideal of all those who have the well-being of this country at heart.

But the benefits of a special form of co-operation with reference to a particular and very numerous body of people who live amongst us, are so well set out in this admirable volume written by the Registrar of Co-operative Societies, Mr. Hemingway, that I warmly commend a perusal of its pages to those who are interested in the health, betterment and welfare of the wage-earners of this Presidency. While I am glad to be able to testify to the interest which some employers take in this city for the comfort of their workers, there is much which can be done both here and throughout the mufassal to remedy the lot of the wage-earning classes and small cultivator. The ordinary worker is generally deeply in debt to the money-lender, and has no feeling of liberty in his life. It is through the principles of co-operation that we hope to improve his life and give him that sense of free citizenship which should be the possession of our humblest citizen.

The Government of Madras are so impressed with the importance of this matter that they have decided largely to increase the scope of the co-operative department in order that the opportunities of taking advantage of co-operation in its various forms may be available in all parts of the Presidency. But we hope that alongside this effort will grow in every district an increasing desire on the part of all those who wish to help forward this great undertaking voluntarily to work for the uplift of their fellowmen.

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CO-OPERATION

IN THE MADRAS PRESIDENCY

CHAPTER I.

INTRODUCTION.

Co-operation is the union of the weak.—Co-operation in all its manifestations is the application to economic life of the principle that unity is strength. It is the pride of co-operators that they are able by the application of this principle to secure that a society composed of comparatively weak and poor men can give its members some of the advantages ordinarily obtainable only by the rich and the strong. Co-operation has generally undertaken the duty of getting fairplay and reasonable opportunities for the poor and the weak, and has therefore rightly commanded the good wishes of all generous minded men.

2. *Co-operative credit.*—There are many forms in which the principle of co-operation has been applied to life. In India the main direction in which co-operation has worked has been towards getting for the ryots in the villages and the poorer people in the towns reasonable terms of credit. The extortions of the Indian sowcar are proverbial, and it is not necessary to labour the point that the provision of cheap credit for these classes is an incalculable blessing. A great deal has been done in this direction in Madras and in the rest of India. In Madras alone there were at the end of June 1919 as many as 3,676 Co-operative Societies with a working capital of Rs. 3, 05, 21, 427 and a membership of 244,297.

3. *Primary Credit Societies—(a) Raiffeisen type.*—The basis of this large credit system is the Primary Co-operative Credit Society. These are of two main types, the agricultural and the non-agricultural, or in other words the rural and the urban. The former are far the more numerous and (since the main industry of the country is agricultural) the more important type. They are based on the principle, first discovered by Raiffeisen the German philanthrophist, that, when a number of people form a co-operative society and pledge their whole worldly property as security for the debts of the society, the credit of the society is much

stronger than that of the individual members taken apart. And the experience of many years has shown that this principle is based on fact, and that moderate loans to co-operative societies of even poor men, provided they have real earning capacity and honesty of purpose, are, generally speaking, absolutely safe. The security in such cases lies chiefly, as is pointed out by the Imperial Committee on Co-operation, in "the use of loans for genuine productive purposes, the honesty and thrift of the members, the watchfulness they exercise over each other, the moral influence they bring to bear upon dishonest or unthrifty co-members and the feeling of solidarity which is usually awakened by association for a common purpose."

(b) *Schulze Delitzsch type.*—Rural societies are formed on the basis of the unlimited liability of each member for the debts of the society, or in other words, for the trustworthiness of their own co-members. It is, therefore, essential for their success that the members should trust each other and know each other personally. Such conditions are ordinarily to be found in a village; but in a town, there are many people in need of co-operation who are willing to combine but who, for want of the intimate mutual knowledge of the villagers, are unwilling to pledge their whole property, without limit to their liability for the debts of the society. For such people the type of society devised by another great German co-operative pioneer, Schulze Delitzsch is more suited; and our urban societies conform generally to that type. Here the credit of the society is based on share capital (more easily securable in towns, it may be noted, than in villages) and the liability of each member is limited to the share capital subscribed by him. At the same time, there are genuine elements of co-operation. Here, too, a certain degree of mutual knowledge is essential so as to ensure that the loans are not unwisely given and here, too, loans are only given to members. But there is a tendency to rely for repayment more exclusively on tangible security than is the case in the village societies.

5. *Central banks.*—It is the aim of co-operative credit not only to provide loans on easy terms to members of societies when they are in need but also to enable and encourage them and their neighbours to find a safe, profitable and beneficial investment for their occasional savings by depositing them in the societies. So far, though very considerable success has been attained in the former, the primary societies in this Presidency (and this is particularly true of the more numerous rural societies) have not attained any conspicuous success in the latter. Local deposits from members and non-members have been secured to an encouraging degree by the societies in the towns but the overwhelming majority of the needs

of the rural societies has to be met with money from outside. And to supply this need, a number (at present 25) of "Central Banks" has been organized in some of the big towns of the Presidency. It was soon found that loans to primary societies, whether urban or rural, were a profitable and safe investment. And at the same time, a good many gentlemen especially among the professional classes were attracted by the great opportunity of benefiting the masses of their fellow countrymen by spreading co-operation in the towns and villages. And with the assistance of some admirable pioneer work by a number of enthusiastic and patrotic gentlemen (among whom the co-operators of this Presidency will never forget the name of Sir V. C. Desikachariyar), almost from the outset share capital and deposits have been available in these banks for financing primary societies. The constitution of these banks is very similar to that of a joint stock bank; and indeed, in the early days, there was little that was "co-operative" about them but the fact that they lent to co-operative societies. But it soon came to be recognized that it was desirable that the societies should have a voice in the management and a direct interest in the profits of banks that depended for their success on the success of the societies to whom they lent. Hence nearly all our co-operative central banks have arrived at a mixed constitution in which the societies depending on them for their finance hold shares along with individual shareholders and are allotted a fixed representation on the directorate. This is, in many respects, an admirable arrangement, since it educates and satisfies the reasonable aspirations of the societies and secures the assistance and good will of experienced men of business in the management of the banks without which the public might perhaps be unwilling to repose sufficient confidence in them.

6. *Provincial bank.*—Over and above these "Central banks" there is the Madras Central Urban Bank which both finances those societies which are not at present served by a central bank and also aims at performing the functions of a "provincial bank" for the "central banks" by supplying them with funds required over and above their locally secured resources and by taking charge of their surplus funds at fair rates of interest and utilizing them in districts where funds are required. This bank, the most powerful co-operative bank in the Presidency, has, like the central banks, a mixed constitution and admits societies and central banks to membership and gives them a fixed minimum representation on the directorate.

7. *Local unions.*—An important link between the central and provincial bank on the one side and the primary societies on the other is provided by the "local union." Co-operators recognize that the principle that

" unity is strength " applies to societies as well as to the members who compose them; and for some years past have recognized that societies have the duty of looking after each other and seeing that they are working properly. Hence societies have grouped themselves into " unions ' of various kinds for the purpose of mutual " supervision." Of these, the " local union " has proved the most successful. It ordinarily consists of some twenty or thirty societies situated sufficiently near to each other to ensure that the members of one society will have some knowledge of the members and the conditions of the other; it is managed by a small committee elected by the representatives of the constituent societies; it employs a paid " supervisor " to visit and advise the societies and to report on their work; and it holds itself morally responsible for the good working and punctuality of the societies. It has a small share capital contributed by the societies but meets its expenses from contributions from the constituent societies based upon their working capital and a subvention from the financial bank proportionate to the money lent by it to the societies concerned.

8. *Principle of co-operative trade.*—The foregoing paragraphs have been devoted to a brief description of the system under which credit societies are organized, financed and supervised. And indeed, as noted above, in this country it is chiefly for the provision of credit that co-operation has so far been resorted to. But the principle that ' unity is strength ' can be applied to many other purposes; and in other countries operations other than credit are the chief concern of co-operators. And in India too of recent years there has been an increasing wish to extend co-operative activities to such operations. The main function other than the provision of cheap credit by which co-operation has been able to help the poor and weak is the function of co-operative buying and selling. The theory of co-operative trade can be simply stated. The trade of the world is done in large quantities. No one sends a single measure of rice from Nellore to be sold in Madras or a single basket of apples from Tasmania to be sold in London. It is, therefore, the business of some one or other to collect in small quantities from the producers of it any article required for export and to supply it in larger quantities to the exporting merchant, who exports it in larger quantities still; and similarly in dealing with imported articles, it is the business of some one or other to take them over from the wholesale importer and to distribute them to those willing to buy. The " some one or other " in each case is a shopkeeper or petty trader or agent or middleman of some kind or another; and he rightly expects a reward for his trouble. Unfortunately he often gets far too much, and the poor producer or consumer is too often paid far too little for what he

wants to sell and pays far too much for what he wants to buy. Hence co-operative societies have endeavoured to protect their members by undertaking to collect and sell wholesale the produce that their members have to sell and to buy wholesale and distribute to their members the things their members want to buy. By these means they have succeeded to a considerable extent in replacing the middleman and diverting his profits into the pockets of the members. Success in such operations depends largely of course on the skill with which they are conducted; and great success cannot be obtained without a considerable knowledge of the channels and methods of trade.

9. *Co-operative purchase—(a) Stores.*—The most prominent example of co-operative trade in this Presidency is provided by the store societies of which we have 89. These are societies based on share capital and limited liability which maintain shops for the supply of their members' requirements. They endeavour, by wholesale and timely purchases, to get their requirements cheap and to pass them on to their members at less than the current market price. They also protect their members from the adulteration and false weighment and measuring which are sometimes practised by the ordinary shopkeeper. Some of these stores are distinctly successful, notably the Triplicane Society in Madras.

10. (*b*) *Buying on indent through credit societies.*—So far little has been done to assist the villager by co-operative buying though in the last year or two a number of experiments have been made in this direction. There are a few village store societies; but these have not proved a great success and it is doubtful whether the ordinary village society can be expected to provide the skilful management which such societies must have to be successful. On the other hand, it has been hoped to confer some of the benefits of co-operative purchase on the villager by means of the ordinary credit society. It is recognized that it would be unsafe to imperil the safety of a credit society by permitting it to undertake purchases on its own account; but a good many societies have purchased wholesale some or other of the articles required by their members acting only as their members' agent and distributing the article to the members immediately on its arrival. Such operations are financed by an immediate cash payment by the members or by the society giving loans to the members for their individual purchases or both. The society is thereby freed from the dangers of wastage, of having stock left unsold on its hands, and of loss of interest owing to non-payments by the members. Recently a few trading unions have been established which are based on share capital and limited liability and which admit societies and individuals as shareholders. Such trading unions will, it is hoped, be able to secure efficient-

management and, in addition to supplying the needs of their individual members, to procure the requirements of the primary societies on more advantageous terms than the societies themselves are able to get. It is clear, however, that a lot of thought and organization is required to put this business on a thoroughly satisfactory basis. Some joint purchase of yarn has also been attempted by some weavers' societies. These have hitherto been rather unsuccessful owing to inexperience and the fluctuations of the price of yarn.

11. *Co-operative sale.*—Co-operative selling has made even less progress than co-operative purchase. There are hardly any co-operative organizations for the sale of ordinary agricultural produce. The South Kanara Garden Planters' Society which was started last year has made a good beginning in the sale of arecanuts and other garden produce. What co-operative sale has been done, however, has been done mainly by primary societies or by supervising unions as agents for the individual members. Some of these operations have been distinctly successful. Perhaps the trading unions of the kind referred to above will be able to assist primary societies in this direction also.

12. *Special types of societies.*—The foregoing pages cover the large majority of the co-operative societies in the Presidency. There are a few special types of society which may be briefly mentioned; but their activities are generally either a form of co-operative credit or of co-operative trading or both. Thus we have 13 building societies of which those at Coimbatore and Kumbakonam have done distinctly useful work. These are in essentials a form of Co-operative Credit Society based on limited liability and share capital, their special feature being that they only lend for house-building and their loans are necessarily for long terms. Most of the few "agricultural societies" that we have got are a form of the village purchase society, their aim being to buy wholesale the agricultural requirements of their members. They are based on share capital and limited liability but have done little work. One of them (the Avalnattam society in the Tinnevelly district) has made an interesting experiment in co-operative purchase by buying an expensive disc plough for hire to its members. Another society which began as an agricultural society of this type but which has recently expanded into a trading union (the Nidamangalam Agricultural Society in Tanjore) not only purchases the agricultural requirements of its members but also manufactures and supplies to its members bone meal and phosphatic manure. Two other agricultural societies are on the model of a trading union and are attempting interesting productive work. This class of society is likely to increase. Weavers' societies generally combine the functions of providing their members

with cheap credit with that of purchasing the yarn and other requirements of their members. In one or two cases they have attempted the joint sale of the cloths produced: but what success has been attained in this direction has been mainly due to extraneous assistance.

13. *Organization and registration of societies.*—Co-operative societies are registered by an officer of the Co-operative Department not below the rank of an Assistant Registrar. There are at present nine officers of this rank in this Presidency * and their jurisdiction and headquarters are as shown in the foot note to this page. Each is assisted by a staff of "Inspectors" and often by unpaid private workers who as "Honorary organisers" or "Honorary Assistant Registrars" do much to lighten the work of the Assistant Registrars. Applications for organization of societies and inquiries about co-operative work should be addressed to the Assistant Registrar concerned. Societies are not registered unless there is a reasonable prospect of their working successfully; and the organization of societies demands a good deal of patience, instruction and encouragement in the villages. This is done by the Assistant Registrar and his Inspector, by the officers and staff of the supervising unions and by Honorary Organisers and Honorary Assistant Registrars. It is on careful organization and careful supervision during the first year or two of its existence that the success of an ordinary co-operative society chiefly depends.

14. *Method of starting a credit society.*—A brief note on the procedure in starting an ordinary credit society may be of interest. The prospective members who must be at least ten in number send in an application for the registration of their society together with a copy of the by-laws that they desire to work under, both these documents being signed by all the applicants. If the Assistant Registrar is satisfied that the society is likely to succeed and that the applicants understand the duties and responsibilities they wish to incur, the society will be registered in his office registers and a certificate of registration is prepared and signed

* Recently the Government have sanctioned a considerable increase in the number of Assistant Registrars.

Station.	Jurisdiction.
1. Madras ..	.. Chingleput and Madras.
2. Cuddalore ..	.. South Arcot and Tanjore.
3. Madura ..	.. Madura, Ramnad and Tinnevelly.
4. Bezwada ..	.. Kistna, Guntūr and Nellore.
5. Cocanada ..	.. Ganjām, Vizagapatam and Gōdāvari.
6. Vellore ..	.. North Arcot and Salem.
7. Coimbatore	.. Trichinopoly, Coimbatore and The Nilgiris.
8. Calicut ..	.. Malabar and South Kanara.
9. Anantapur	.. Kurnool, Bellary, Anantapur, Cuddapah and Chittoor.

The general control of the department is in the hands of the Registrar of Co-operative Societies whose office is in Madras. He is assisted by a Personal Assistant.

by him. A meeting of the applicants is then arranged at which an officer of the co-operative department or an Honorary Organiser or Honorary Assistant Registrar is present. A Chairman is elected, from among the applicants, the objects of the meeting and the benefits of co-operation are explained, the by-laws and the certificate of registration are read and formally recorded and the society starts on its work. The original applicants being *ipso facto* members of the society elect a panchayat and the minutes of the meeting are recorded and signed by the Chairman. A meeting of the panchayat then takes place at which the admission of further members is dealt with and the application of members for loans is considered. Share capital and entrance fees are collected and these are generally utilized in making a few small loans. If deposits are offered by members or sympathisers, these are similarly utilized. The bulk of the money required for loans, which the panchayat resolved to sanction is, however, generally got from the local central bank to which an application for a loan is sent by the panchayat accompanied by a statement of the assets and liabilities of all the members concerned. Resolutions are also generally moved at this meeting applying for membership in the local supervising union and the local central bank.

15. *Moral effects of co-operation.*—Some remarks about the possible development of co-operation on other lines will be found in Chapter VII. The foregoing pages have attempted to give some account of the machinery of co-operation as it exists at present in this Presidency. The material benefits that are being derived, or may be expected from these activities, are self-evident. But no account, however brief, of the co-operative movement in Madras would be complete which did not pay a tribute to the moral benefits conferred by it on co-operators. It is the general experience in this Presidency that the association of the people, and more especially of the villagers, in co-operative societies teaches them valuable lessons of self-help, self-reliance and self-respect, mutual trust and mutual helpfulness, not to mention the important lessons of punctuality and businesslike habits. Co-operation also provides a field for social service in which the highest and the lowest can combine for the moral and material improvement of the masses of the people. It is these elements in the co-operative movement which touch most nearly the generous instincts of the public and account for the almost universal enthusiasm which it evokes among all classes.

CHAPTER II.

AGRICULTURAL CREDIT SOCIETIES WITH UNLIMITED LIABILITY.

Rural and Urban Societies.—It has been assumed, and it is broadly true, that village societies are based on unlimited liability and town societies on limited liability. There are, however, some societies with limited liability in the villages and some societies with unlimited liability in the towns. The former are societies with special functions other than credit and the latter are societies where, for special reasons, the members are so intimately connected by proximity, occupation or caste that in spite of their urban character, they are prepared to accept unlimited liability. The law lays down that agricultural societies created primarily for the creation of credit shall be based on unlimited liability. Agricultural societies are defined (G.O. No. 632, dated 18th March 1916), as societies in which the majority of the members live by agriculture and these societies are naturally found in villages.

2. *The Rural Credit Society.*—The following paragraphs, therefore deal mainly with the ordinary village credit society on an unlimited liability basis, a class of societies which is far the most numerous and is the most important in the Presidency.

3. *The village sowcar.*—The great importance of credit to the ordinary villager needs little emphasis. Most ryots have to borrow for the cultivation of their crops and can only repay their loans after harvest. The terms for these loans from the village sowcar are nearly always burdensome—sometimes outrageously so—not only because the rates of interest are high, but also because they often involve the ryot in the necessity to sell his crops at an unfavourable time and under unfair conditions. The annual loss the poorer ryots suffer from this cause alone must be very considerable. Indeed, estimates made by co-operators of the loss involved in selling a crop at harvest time (instead of a few months later when prices have risen to a normal level) are rarely below ten rupees an acre; more generally they state the loss per acre at twenty or thirty rupees, and sometimes higher still. It is obviously most desirable so to finance our cultivators that they need not be exposed to this serious loss. Furthermore, the ryot has often to borrow money for capital expenditure either for the remunerative improvement of his land or for unremunerative but unavoidable expenses such as marriages or other ceremonies. The terms of such loans are, as a rule, for the poorer man very burdensome, and the poorer ryot tends to become involved in debt from which sometimes there seems to be little chance of his recovery. Indeed, the sowcar is often not at all desirous of the debt being returned, being content that the

interest should be paid every year and not seldom preferring to hope that the debt will not ultimately be repaid and he will be able to sell the ryot up and get his land. Indeed, he sometimes refuses to take payment in instalments and in other ways tries to retain a permanent hold on the ryot. It is not surprising, therefore, that ryots welcome the formation of a credit society by means of which, with comparatively little real risk to themselves, they can obtain loans at reasonable rates and on terms of repayment which are specially designed to be as convenient as possible to themselves; and it is not surprising, therefore, that enthusiasts often see in co-operation the salvation of the Madras ryot.

4. *Unlimited liability.*—It is true that, as noted above, a village credit society can be managed without serious risk to the members. But it has to be remembered that these societies are based on the unlimited liability of each member for the debts of the society and the potential risk is proportionately great, and it is only by careful instruction of the members at the time of organization, by careful supervision during the early years of the society, and by a ready response of the members to instruction and exhortation that the risk can be reduced to negligible proportions. In practice it is found that, given careful organization and supervision, the members of a village society can nearly always be relied on to recognize their responsibility and work a society with reasonable efficiency and success. Most of the failures in this Presidency seem to have been due either to too hasty organization or, far more frequently, to inadequate supervision.

5. *Its risks.*—One or two points in connexion with organization of rural societies may be noted. Firstly, it is essential that the prospective members should be taught the real meaning of unlimited liability, care being taken both to emphasize the great potential risk involved and at the same time to point out that, as experience has shown, the practical risk is, with decent management and a careful choice of members, negligible. In fact, the two extremes must be avoided of taking unlimited liability too lightly or being too much afraid of it. The great thing the villagers have to learn is that if they only admit good men as members and if the members look after each other properly, they are perfectly safe; but that, on the other hand, they run great risks in admitting bad men or neglecting to watch the conduct of their co-members.

6. *Necessity for leaders.*—While emphasizing the responsibility of each single member for the welfare of the society, it is of course necessary to recognize that success will depend very largely on the leaders. And it is essential to find at least one or two men of intelligence, energy

and good will who can be relied upon to take the lead in managing the affairs of the society and instructing the others. Such men are generally available.

7. *One village—One society.*—It has been usual in this Presidency to aim at the ideal of one society for one village. Societies extending over a larger area lose the qualities of proximity and mutual knowledge which are of such primary importance in societies of this kind; and on the other hand, village sentiment is ordinarily opposed to dividing a village by having more than one society in it. Sometimes it happens that a village is automatically divided by caste or occupation or otherwise and that it is not possible to fit all sections into the same society. In such cases it has been the practice to recognize the facts and to make more than one society. In particular, the Panchamas often feel that they will have a better chance of getting the best out of co-operation if they are given a society of their own and there are a good many societies of this kind. But men of these classes not infrequently belong to a general village society and often receive humane and considerate treatment from their fellow members.

8. *Methods of rural societies.*—The model by-laws which are readily available* will give a sufficiently clear idea of the construction and work of such a society. Briefly, the members create credit by pledging the unlimited liability of each one of them for the debts of the society. On the strength of this credit they borrow money either by way of deposits from their richer co-members or local sympathisers or by way of loans from a co-operative central bank. This money they lend out to their members either on the mortgage of immovable property or on the security of one or more sureties. They generally borrow at $7\frac{1}{2}$ per cent per annum and lend to their members at $9\frac{3}{8}$ per cent, or at $1\frac{1}{2}$ pies per rupee per mensem. The ultimate authority lies with the general assembly of the members but the ordinary business is done by a "panchayat" elected by the general assembly. The society usually is affiliated to a co-operative central bank, in which it takes one or more shares, and to a local supervising union which, as described below in Chapter VIII, looks after the work of the affiliated societies and assists them by advice, encouragement and occasional discipline. The profits of the society depend on the margin between the rates at which it borrows and lends. Half the profits go to the society's "reserve fund" and out of the other half a small dividend may be paid on share capital and a small percentage may be set apart (for charitable purposes) to a "common good fund." All

* These can be obtained from the Registrar or from any Assistant Registrar.

unappropriated profits go to the reserve fund. The reserve fund is usually invested as a long term deposit in the co-operative central bank to which the society is affiliated partly to ensure the stability of the society and partly to strengthen the financing banks on which, under present conditions, the whole stability of the co-operative movement in the villages depends. A moderate share capital (payable on easy terms) is demanded from each member partly in order to provide the society with free capital and thereby increase its strength and partly with the idea of encouraging members to learn the elementary principle that co-operative credit aims at saving and not only at borrowing.

9. *Long term and short term loans.*—A few hints dictated by the experience of co-operators may not be out of place.

There has been some controversy among co-operators about the respective merits of long and short term loans. In the Tamil country it has been customary to concentrate the money of societies on long term loans for the redemption of prior debts, for land improvement and other purposes; while e.g., in the Northern Circars the tendency has been to give loans repayable within the year for such purposes as cultivation, purchase of seed or manure, payment of Government kist and holding up of produce for a favourable market. It is necessary to recognize the value of both these classes of loans; but it is necessary also to recognize that of the two the latter is generally the more remunerative; since it is the latter which enables the ryot to avoid selling his crops at the wrong time. It is fair, too, to say that long term loans have their special dangers. In the first place, a number of large long term loans to the members may exhaust not only the credit of the individual members but also the credit of the society so that no money is available for a year or two for the short term requirements of the members and they are driven back for accommodation on the very sowcar from whom they have been relieved and thus lay the foundation of what in a year or two may become a new edifice of "prior debts." Furthermore, a long term loan may, especially in the early days of a society, have a rather demoralizing effect on the member. A large sum of money has fallen almost miraculously into his hands as it were from heaven; he has done little to earn it: he has not yet learnt habits of co-operation and punctuality; and he is apt to take the money too much as a matter of course and take too little to heart his duty of repaying it. On the other hand, the terms of a ryot's prior debts are sometimes so burdensome, or his creditor is so peremptory, that if he is to act on his legs at all, his prior debts simply have to be paid off. It is thus impossible to lay down any hard and fast rule. But the following

principle may fairly be enunciated. It is undesirable, as a general rule, to give long term loans for the payment of prior debts to a society which has not already been working satisfactorily for a year or two, or to a member who has not already learnt the co-operative lessons of punctuality and mutual responsibility. And secondly it is of the greatest importance, when giving such loans, always to retain for the members and for the society enough credit to meet their ordinary requirements for short term loans. Indeed, experience seem to show that it is precisely in those (often small) loans for urgent necessities that the sowcar's terms are harshest and the injury he inflicts on the ryot is most severe. And it is by prompt and adequate finance for cultivation, for the payment of kist, for the purchase of food and clothes and for the other urgent necessities of the ryot that a rural credit society can most benefit its members.

10. *Repayment of loans.*—It is very important to fix the time of repayment so as to be convenient to the borrower, and this is ordinarily the time at which agricultural produce can be sold to the best advantage. A great deal of avoidable loss is as noted above incurred by ryots by being compelled to sell their produce just after harvest when prices are at their lowest. It is to be feared that the panchayats of societies are not always sufficiently careful or considerate in this respect. When, however, the terms of the loan have been fixed so as to be as convenient as possible to the member, great effort should be made by the panchayat to secure payment on the due date; since the first and most difficult lesson the village co-operator has to learn is that of punctuality. Under proper safeguards and for special reasons, an extension of time may be given (it is obvious e.g., that a labourer who breaks his leg and can't work, cannot be expected to pay his debts up to time); but those extensions should be most carefully limited to cases of absolute necessity or they open the door to disaster.

11. *Security for loans.*—Loans to members are very properly given as noted above on tangible security—very properly, because business is business. But societies sometimes forget that the real security in a village society depends to as large an extent on character as upon tangible security and that a loan to a poor man of known good will and character and earning power is a perfectly safe investment. Hence it is sometimes found that societies hesitate to admit poor men to membership simply because they are poor and regardless of their character and hesitate to lend their poor members the money that is absolutely necessary for their *improvement*. It is, of course, very desirable that societies should be

careful, but cases sometimes occur in which it is difficult to distinguish the principle guiding a society from that which guides an ordinary village sowcar.

12. *Adequate finance.*—Another mistake not infrequently made in village societies is to refuse a loan to a member merely on the ground that he is already in debt to the society. It may be right, and is no doubt often necessary, to refuse accommodation to a defaulter. But the mere existence of a prior loan is not a sufficient reason for refusing a member money which he must have for urgent and reasonable purposes. If the society doesn't help him, he is driven into the arms of the sowcar whereby his financial position becomes weaker instead of stronger and he becomes, *inter alia,* less able to pay to the society the money he has already borrowed.

13. *Some dangers to be avoided.*—A few special points may be mentioned. Panchayats often find it difficult to get money for their members just when they want it. The formalities for getting a loan are sometimes troublesome and panchayats do not always get ready and present their application sufficiently early. It is necessary to ascertain the needs of members sufficiently in advance of the regular periods when money is likely to be wanted and to send in an application in sufficient time to ensure the money being received when it is required. This, of course, is difficult and requires energy and foresight. The following device has been adopted with success in a few districts and has rendered it easy to obtain money for societies at short notice. Each society estimates at the beginning of the year the total amount that it is likely to require for short term loans. The necessary formalities are gone through and the society then executes and lodges with the central bank a bond for the whole amount. As occasion arises, it draws against this bond and obtains the money without delay. It endeavours, of course, to give the bank as long notice as possible of its needs. Secondly, it is not always easy to avoid having idle money in hand which is losing interest. This is to be deplored because the retention of large cash balances reduces the profits of the societies and places the treasurer in rather an invidious position. If money cannot be usefully employed, it should be sent without delay to the bank. Thirdly, panchayatdars in societies of a poor class are exposed to the temptation of favouritism in the distribution of loans and sometimes lend far too much money to their friends and relatives to the prejudice of the general body of the members. The creation of a healthy public spirit in the village and careful supervision and encouragement by the local union are the chief remedies for this abuse.

14. *Use of credit societies for trade.*—The preceding paragraphs have dealt with this class of societies as purely credit institutions, as indeed they are. It has been possible, however, to use them for purposes of co-operative trading, in which, acting as their members' agent, they secure to their members the essential advantages of co-operative buying and selling without accepting financial risk. These activities, which are full of hope for the future, will be described in a later section.

CHAPTER III.

Credit Societies with Limited Liability.

Limited liability societies found generally in towns.—Co-operative Credit Societies with limited liability are, as the law and common sense alike direct, found only in the towns. In the towns we do not ordinarily find the degree of mutual trust and intimate mutual knowledge which encourage people to join a society with unlimited liability; and in the towns we do find people more ready than in villages to subscribe the substantial share capital to which (in the absence of unlimited liability) banks and depositors look for their security. As noted above, however, we find societies with unlimited liability in the towns where the members of e.g., a street or a quarter, or a caste or an industry, either for want of share capital or from the existence of mutual knowledge and trust or from both causes, prefer that form. There is probably a considerable room for amplification of societies of this kind.

2. *Urban banks.*—A great deal of what has been said in the last chapter will apply *mutatis mutandis* to credit societies with limited liability or as they are often called "urban banks." A few special points may perhaps usefully be mentioned.

3. *The relation of urban banks to central banks and local unions.*—Urban banks generally affiliate themselves to a co-operative central bank and a co-operative union but this is more often from sentimental grounds and a desire to take part in the life of the co-operative movement as a whole than from an expectation of solid advantages. They do not often need to borrow from a bank, since they are able to meet most of their requirements out of local deposits which are more readily obtainable from the townsman than from the less sophisticated villager. Nor do they need the "supervision" of a local union, since the directors are as a rule men of superior education to the village representatives who form the bulk of the members of the Union Governing Body.

On the other hand, their subscriptions to the union funds and still more the advice and encouragement of their representatives in the general assemblies and on the governing bodies of the unions are of great value. They are able also not infrequently to voice the feelings of the unions and the village soieties in the general body meetings and on the directorate of the central banks, and their experience is often of value in the administration of these institutions.

4. *Special features of Urban Banks.*—The loans to members are governed by the general principles applicable to all credit societies; but from the nature of the case, they are apt to be for shorter periods than those given by rural societies. Payment by monthly instalments is the rule rather than the exception. The margin between the rate at which the money is lent to members (generally $9\frac{3}{8}$ per cent per annum) and the rate at which deposits are securable is again larger than the margin in rural societies and hence the profits are larger. And since only 25 per cent of the profits need go to the Reserve Fund (instead of 50 per cent as in the rural societies), a larger dividend is allowed and paid, and there is money available for the payment of a competent clerical staff and for the remuneration of the Secretary and Directors. In fact, the ease with which profits are made may perhaps sometimes be something of a share, taking away as it does the stimulus which is always present in a rural society, to collect loans and interest punctually so as to avoid loss; and indeed, it is a fact that some urban banks have very heavy overdues which it is difficult not to condemn.

5. *Size of banks.*—Another danger which threatens urban banks is that of growing too large. While recognizing that the same degree of mutual knowledge is not possible in an urban bank as is essential in a rural society, it is still fair to postulate a certain amount of mutual trust and mutual knowledge or the moral basis of co-operation tends to be obscured or lost. And if a society grows beyond a certain size, the tendency is for the managing committee not to know the members and for the society to deteriorate into a common lending shop divorced from moral considerations. When such tendencies disclose themselves, it is wise to consider the desirability of splitting up the society into two or more smaller ones.

CHAPTER IV.

Co-operative Central Banks.

Growth of central banks.—The backbone of the co-operative movement in this Presidency lies in the co-operative banks or "central banks." As already noted, it is impossible for the ordinary village society to attract

local deposits sufficient to meet all the requirements of the members; and indeed in this Presidency local deposits form so far an insignificant part of the working capital of our village societies. From very early days, therefore, the need was felt for an agency which could attract deposits from the towns and employ them safely and profitably in financing the villages. Fortunately, and to the eternal credit of the pioneers in this field, gentlemen were found who, animated by a desire to spread co-operation in the villages, were prepared to find share capital and deposits for this, at first novel, enterprise. The Madras Central Urban Bank was first in the field and at first found money for societies in all parts of the Presidency. Other central banks gradually followed and there are at the time of writing no less than 25 of such banks. Each of these banks has a recognized field of activity which at first tended (not unnaturally) to follow the boundaries of the revenue district. Latterly it has been recognized that there is no special co-operative virtue in a revenue district and that banks should be established wherever desirable on grounds of co-operative finance. The division of societies under "central banks" is not, however, invariably by area, though a local jurisdiction for a central bank is likely to be the rule. A number of societies for Christians in various parts of the Presidency prefer to be financed and looked after by a bank of their own, and these are affiliated to the Madras Christian Central Bank at Madras.

2. *Individual and society members.*—At first these banks consisted entirely of individual shareholders; but, as noted above, the principle was gradually recognized that the societies financed by them should be affiliated as shareholders and should have a voice in the management and a share in the profits. At present, in nearly all our central banks, the societies served by them are shareholders and have a fixed representation on the directorate. Their interests are further safeguarded by limiting the rate of dividend payable on the share capital, the bulk of which, under present conditions, is held by individual shareholders. The compromise is a very fair one. It is true, on the one hand, that these banks can only prosper through the regular field of investment offered by the village societies and their essential soundness. It is equally true at present that the public would be unwilling to make deposits in these banks unless they had among their shareholders and directors the leading local gentlemen whose adherence is regarded by the public as a guarantee that these banks will be properly managed. It is an arrangement, too, which, as noted by Mr. Ewbank in his Manual of Co-operative Societies for Bombay Presidency, "affords a suitable opening by which the leading gentlemen of a district, who could hardly be expected to join village

societies and to share in the unlimited liability which most of them undertake, can take their part in promoting and guiding the movement."

3. *Madras central urban bank—Functions and constitution.*—Over and apart from the central banks stands the Madras Central Urban Bank. This bank was originally the only co-operative central bank in the Presidency. When other central banks arose, it performed the two functions of (1) lending money to the new "central banks" to supplement their own resources and (2) lending direct to societies in areas not served by such banks. The latter function has gradually decreased with the organization of new central banks, and it is reasonable to suppose that the time will come when the Madras Central Urban Bank will become a regular apex or provincial bank whose only function will be to find money for the central banks and take over their surplus money for utilization elsewhere. The Madras Central Urban Bank, like the others, admit Central Banks as shareholders and gives them a small but fixed minimum representation on the directorate. Its dividend also is fixed at 9 per cent. but, for historical reasons which it is not necessary to go into, it was found fair to allow the individuals a preference to a dividend of 9 per cent. The shares are still predominantly held by individuals, but it is hoped to devise means to alter this proportion and to give the bank a closer approximation to a genuine federation of central banks.

4. *Finance and constitution of central banks.*—Central banks and the provincial bank live mainly on deposits from the public and have succeeded to a gratifying extent in securing public confidence. They also owe a great debt of gratitude to the Bank of Madras which grants many of them generous cash credits at a low rate of interest. The Madras Central Urban Bank enjoys a cash credit of no less than seven lakhs. The Madras Central Urban Bank lends to central banks at 7 per cent and the latter lend to village societies at $7\frac{1}{2}$ per cent; but they allocate four annas out of every $7\frac{1}{2}$ rupees collected to a supervision fund so that their net earning is only $7\frac{1}{4}$ per cent. The constitution of these banks is very like that of an ordinary joint stock bank. Two minor points may be noted. The representation of societies on the directorate is necessary and most desirable. As, however, the village directors often live in distant places, it is not easy for them to attend meetings frequently or with regularity. This has caused some inconvenience to the prompt transaction of business, and means have to be devised of delegating to smaller bodies or to individuals powers of taking immediate action when required. Some banks

have adopted the device of forming an executive committee with large powers of disposal subject to the delegation and control of the board of directors whose meetings can thus safely be made less frequent.

5. *Supervision fund.*—Both the banks and the primary societies contribute to a "supervision fund" from which supervisors are maintained for the purpose of touring round the societies, inspecting the accounts and advising and encouraging the members. These funds are generally administered by the "supervising unions" described in the introductory chapter. In a later chapter the functions of the bank and the local union will be described in some detail.

CHAPTER V.

SPECIAL TYPES OF CREDIT SOCIETIES.

A brief note may not be out of place on special types of credit societies which do not conform entirely to the ordinary rural and urban models described above or which present special features.

2. *Employees' societies.*—First of all, there are various kinds of societies for the employees of a public authority, a commercial firm or company or other large organization. Such are the various public servants' societies, scavenger societies, municipal employees' societies, schoolmasters' societies, mission employees' societies or the recently started society for the employees of the Madras Electric Supply Corporation. Some of these (e.g., public servants' societies) admit members from a large area, the want of local proximity being made up for by the mutual knowledge and control involved in their being associated in a common service. These generally adopt a limited liability form and generally resemble in constitution and by-laws the form of an urban bank. But the share capital is often made payable by instalments, personal security is preferred, loans are ordinarily made payable within a maximum period of twenty months and a good many of these societies ensure repayment by requiring members to authorize their employer to deduct their dues to the society out of their pay—a salutary (if not wholly ideal) provision which (to their credit be it said) the members generally recognize as a wise assistance to their own punctuality and honesty.

3. *Societies for scavengers.*—These societies do admirable work, and the scavenger societies may perhaps be selected for special mention. It is difficult to over-estimate what these have done for their members; but some indication may be given by the simple statement of the fact that

before the introduction of these societies the ordinary rate of interest payable by these men was 144 per cent per annum. The members now pay $12\frac{1}{2}$ per cent to the society, the unusually high rate being designed to cover loss from death or desertion. Compulsory savings deposits are also levied from the members and in some such societies there are large sums to the credit of their members. These societies have also been able to assist their members by the joint purchase of their requirements—especially food and clothing. It is to be feared that such classes—untouchable and not allowed to approach too near persons of higher castes—are too often cheated to a very cruel extent by the shopkeeper over the price, quality and measure of the articles they purchase. It has been found possible to avoid this source of loss by periodical wholesale purchases of the requirements of the members through the officers of the society and their distribution to the members, the cost being debited to the members' accounts. It need hardly be said that the improvement in the material condition of these men is reflected in an improvement in their *morale* especially in sobriety and cleanliness. Though, of course, it always endeavours to associate the leading members in the conduct of these societies, the greater part of the work has to be done for them by the superior employees of the municipality or by the councillors. Much splendid work is done by these gentlemen.

4. *Fishermen's societies.*—A special type of society is found among fishermen especially on the West Coast. The most striking feature of these is that they devote as much pains to saving as to lending. The fisherman does extremely well during the fishing season, and his chief trouble lies in the fact that he is apt to be very extravagant in his period of prosperity, with the result that he leaves nothing for the lean months of the off season. The societies have been very successful in securing the savings of their members by way of compulsory and voluntary levies of share capital and deposits; and most of them are quite self-supporting. They owe their organization and success very largely to the initiative and guidance of the Fisheries Department and especially to Sir Frederick Nicholson, K.C.I.E., till recently Honorary Director of Fisheries and his Assistant M.R.Ry. Rao Bahadur V. Govindan Avargal.

5. *Panchama societies.*—Somewhat special treatment is given to societies for Panchamas and other depressed classes. Here loans are given to an extent in excess of the one-eighth of their assets which is recognized as the standard maximum of the borrowing power of ordinary rural societies, the proportion sometimes going as high as one-quarter or one-third. The risk is covered by special efforts at supervision and by insisting that loans shall be passed on to the members at $12\frac{1}{2}$ per cent

so as to create a fund for insurance against loss. Most societies of this kind are affiliated to and financed by the Madras Christian Central Bank. They are frequently also supervised by the Rural Secretaries of the Young Men's Christian Association whose services are given gratuitously for this work.

6. *Societies in the agency tracts of the Northern Circars.*—A promising field for co-operation, which has as yet hardly been tapped, seems to lie in the agency tracts of the Northern Circars. Here there is an uncivilized population with undoubted earning power and universally admitted honesty and straightforwardness, yet thriftless and easily cheated and victimized in most of its dealings by the money lender and the trader from the plains. An extremely interesting experiment has been made recently in the Ganjam district by Mr. L. H. Arndt, I.C.S., who has organized a society for credit, purchase and sale extending over the whole of one of the agency taluks. One or two societies of a more normal type have been started in the other agencies and it is hoped to spread these activities considerably in future.

7. *Grain banks.*—Borrowing in kind instead of in money is still preferred in some villages and we have a few grain banks which satisfy this need. These are on an unlimited liability basis and bears a strong resemblance to ordinary unlimited liability credit societies. The chief difference is that they only lend in grain, maintain a granary for the purpose, and depend for their working capital chiefly on deposits of cash and grain made by their own members or by sympathizers. Loans of grain are made repayable at the next harvest and are repayable in grain with interest, which is generally fixed at 25 per cent.

CHAPTER VI.

SOCIETIES FOR PURCHASE AND SALE.

Need for co-operative trade.—In an earlier chapter a brief statement will be found of the theory of co-operative trade and a brief analysis of what has been done in this Presidency in this direction. That there is a real need for co-operative trade in this country is widely felt. The public believe that, generally speaking, they do not get fair play from the traders, that the agriculturist and the artisan do not get paid enough for what they have to sell and that the public (especially the villagers) are charged too much for what they want to buy and are often deceived over the quality and the quantity of their purchases.

2. *Urban stores.*—The co-operative purchase by societies of their members' requirements for sale to their members has already taken firm root in this Presidency. The greater part of such work has so far been done by co-operative stores located in the larger towns. The Triplicane Urban Co-operative Society was started in Madras in 1905 has now 16 branches, has a capital of Rs. 54,567 and a reserve fund of Rs. 51,755 and in the year ending 30th June 1919 did a trade of Rs. 9,41,339 with a profit of Rs. 28,175. This is far the largest co-operative store in this Presidency; but there are stores of fair size at Coimbatore and Madura and some other towns. There are altogether 89 such stores in this Presidency and their total trade in the year 1918-19 amounted to Rs. 18,11,569.

3. *Credit societies being affiliated to urban stores for trade.*—Some of the urban stores have admitted to membership such of the ordinary credit societies in the neighbourhood as desire to join. The Secretary of each credit society obtains an indent of the needs of each member and arranges for payment either in cash or by arranging for a loan from the society to the member, issues his order to the stores and pays in cash or by a cheque from the central bank or both. A good many credit societies do a profitable business by buying their members' requirements not through a store but in the open market.

4. *Trading societies without a regular store.*—There are also a few trading societies which do not keep a regular store but merely act as the agents of their members, whether individuals or primary societies. The individual shareholders in such societies are generally prominent ryots not all living in one place but scattered over a fairly large area—such as a firka or taluk.

5. *Trading societies in villages.*—There are a few small trading societies in villages, either small general purpose stores or else "agricultural" societies, which purchase the agricultural requirements of their members. These do not work so far on a very large scale.

6. *Business as agents.*—The store societies do not, as a rule, do much business as agents. But there are certain advantages in a business of that kind. There is no danger of the goods being left on their hands; they take no risk of a fall in prices; and they can extend their trade to a far larger extent than would be possible with their generally moderate share capital if they traded solely at their own risk. The advantages of doing an agency trade for other societies are obvious. The same advantages will probably be found in doing an agency trade for individuals also. It is of course difficult for an individual to be able to gauge the extent of all his requirements for weeks or months ahead. And a store

will always have to keep a certain stock in its shop of articles commonly wanted. But a good many of a man's requirements can be so estimated and there is probably a large field for this kind of business. There seem to be almost boundless possibilities for the co-operative purchase on this system of the requirements of the members of the ordinary credit societies —especially if they find it possible to join as shareholders some store or trading society with adequate share capital and good business experience. The possibilities may be estimated roughly by the following calculation. At the end of June 1919 there were 170,000 members on the rolls of village societies. It is not an extravagant estimate to reckon that each member purchases on the average for his family articles worth Rs. 200 every year, and that, if these articles were purchased co-operatively, the "profit" (i.e., the difference in price) would be on the average at least 10 per cent. If all these families made their purchases co-operatively, the "profit" in one year would be four lakhs of rupees which would thereby be taken out of the pockets of the middlemen and put into the pockets of the ryots. That the above is not a fantastic dream but a cold possibility seems to be indicated by the recent experience of one of our "trading unions," namely that at Tiruvannamalai in the North Arcot district. This is a store society which, besides supplying the requirements of individual members in the town, buys also for some forty village societies which have taken shares in the store. The trade done on behalf of these village societies in the last four months of the year 1918-19 amounted to over Rs. 60,000, and the "profit" derived by the members (i.e., the saving effected by the joint purchase) is estimated at Rs. 15,000 or 25 per cent. The articles chiefly dealt in were rice, salt, chillies, kerosene oil and cotton seed.

7. *Trade more difficult than credit.*—The management of a trading society is, naturally, more difficult than that of a credit society. Experience and foresight are needed to determine where, when and in what quantities to buy, and to balance e.g., the advantage of buying large stocks cheap against the disadvantage of having large stocks on hand with the accompanying loss of interest. Elaborate accounts are usually kept so as to guard against pilfering, and stock has to be taken pretty often. All this throws a lot of work on the panchayat and its paid staff. It is difficult for the panchayat to find time to keep in close touch with all the details of the stores management, and the small profits of these institutions do not, as a rule, permit of the entertainment of a highly paid establishment.

8. *Practical difficulties in stores.*—There are two special difficulties which hamper the work of our stores. The first is the difficulty, in view of the comparatively small share capital, of obtaining sufficient credit

for large purchases and therefore of taking advantage of low prices to lay in a large stock. It has been suggested more than once that loans to stores might be given on a pledge of the bulk of the stock, properly insured and kept under the key of the financing bank, small issues being made from time to time to the salesman. This seems a good idea. And indeed, the system of keeping the bulk of the stock apart under lock and key has been tried with success in order to reduce the trouble of stock-taking. The second difficulty lies in the fact that stores have not always secured a complete loyalty of their members, and the latter are apt to desert the store when any article can be had cheaper elsewhere. Thus they take full advantage of the low prices for an article which the stores have purchased on really good terms and leave the society to suffer the loss of an unfortunate purchase. They also conceivably play into the hands of the shopkeeper who may be willing to undersell the society at a loss to himself for a short time in the hope of getting the members into his clutches again.

9. *Bonus on purchases.*—Stores, as a rule, do not follow the Rochdale system of selling articles at the ordinary retail market price and distributing the benefits of the co-operative trade by a deferred periodical bonus on purchases, but prefer ordinarily to give the members their " profit " at once in the form of a reduction of price. It is possible that the Rochdale system would be more beneficial since the continuing profits derived from low prices is apt to be squandered, whereas a substantial bonus paid in a lump sum is likely to be invested or used for some useful purpose. Indeed the " bonus " earned in co-operative societies is one of the chief items in the savings of the ordinary English working man. In this Presidency, however, the members prefer to take their " profit " at once.

10. *Co-operative sale—(a) Among weavers.*—The co-operative sale of the produce of members (whether agricultural or industrial) has not been tried to any great extent in this Presidency. Experiments so far made fall into two classes. Firstly, one or two societies of weavers have endeavoured to sell the cloths woven by their members. They have been hampered by ignorance of the channels of the cloth trade and also by their inability (owing to their small resources) to find credit to carry them over the " off season " when cloths are not saleable at a profit. A certain measure of success in this direction has been secured by the Conjeeveram Weavers' Union but only on a small scale. In two cases in the Ganjam district recently, societies have managed this business successfully but only through their great good fortune in securing selling agents who are prepared to undertake all the risks of sale for a very low commission—in the one case Messrs. Best & Co. of Madras and in the other

case the Madras Government. This device was designed only to cover an emergency; and essential difficulties will have to be squarely met and tackled. Perhaps the difficulty about credit might be alleviated by borrowing on a mortgage of the stock of cloths properly secured and insured.

11. (*b*) *By rural credit societies.*—Secondly, a few attempts have been made by ordinary rural credit societies to sell jointly the produce of their members. These have met with tolerable success and it is to be hoped that the experiments will spread till a system of co-operative sale is developed. It is, however, often difficult to get the members to act together and the societies cannot always obtain advice as to the best time and place to sell. Trade of this kind has so far been done on an agency basis, the society merely acting as the members' agent; and it is probable that this is the only safe line of advance under existing circumstances.

CHAPTER VII.

Other Types of Societies.

A few remarks may be of interest about other types of societies. In the foregoing pages, allusions will have been found to weavers' societies, housebuilding societies and agricultural societies, since all these types have functions either of co-operative credit or of co-operative trading or both. It may be convenient, briefly, to group together what there is to be said about such of these and a few other classes of organizations.

2. *Various forms of co-operation.*—And first, it will be convenient to tabulate very briefly the things that co-operation has been found in this or other countries to do for people.

(1) By co-operative credit, people get cheap money, reasonable terms and considerate treatment.

(2) By co-operative purchase, people are able, by the elimination of the middlemen, to buy their requirements, domestic, agricultural and industrial, at reasonable prices and of good quality.

(3) By co-operative sale, people can get better prices for their produce, again by the elimination of the middlemen.

(4) By the co-operative ownership of expensive appliances of machinery, people who would be unable to buy them are able to obtain the use of such articles for moderate fees.

(5) By co-operative factories people are able (*a*) to prepare their own produce for market without the intervention of the manufacturer and (*b*) to manufacture their own domestic and other requirements.

3. *Position of weavers in relation to co-operation.*—The weaver of this Presidency has a high degree of hereditary skill and produces articles desired and often very highly valued by the public. Still, it is a fact that a good many of them make a rather poor livelihood; and the question has been often raised as to whether co-operation can help them. Circumstances of course vary very considerably; but it may not be inaccurate to state as a generalization that the weaver is generally in debt to a dealer who makes advances to him in cash and in yarn, and who sells his cloth for him; and it is generally believed that the weaver is cheated over his yarn and his cloth. It is said that the loans are often given at rates reasonable enough, the dealer being satisfied with his hold thereby secured over the weaver and his profits on the yarn and cloth. But it is clear that co-operative credit is in itself of great potential help to a weaver since it frees him from his obligation to the dealer and enables to buy and sell where he likes. And there are large numbers of weavers in our ordinary credit societies as well as in societies consisting wholly or mostly of weavers who derive considerable benefit from co-operative loans. But the real difficulty in the case is to arrange for the co-operative purchase of yarn and the co-operative sale of cloth. Several societies have attempted both of these, but so far with little success. The weavers themselves seem to know very little about the yarn or the cloth trade; these trades are very complicated owing to the extraordinary multiplicity and variety and change in the kinds of yarn used and the kinds of cloth woven; and so far no one has been found with the time, knowledge and inclination adequately to instruct and advise the weavers about buying their yarn or selling their cloth. Matters have been made worse during the war by the extraordinary fluctuation of prices which has hit some of our societies hard. But it would seem that there must be room for very great improvement of the economic position of the weaver if co-operative organizations can be formed to buy his yarn at a reasonable price and get him a fair price for his valuable, and sometimes very valuable, finished products. Careful and cool study of these trades will be necessary. But the thing can be done; and there is no extravagant fancy in a mental picture of a network of weaving societies throughout the Presidency organized into central or wholesale societies which are closely in touch with the yarn and cloth trade, can get the weaver his yarn cheap, can advise him what to weave, and can sell his cloth for him.

4. *Weavers' co-operative factories.*—It has been more than once suggested that weavers' co-operative factories equipped with improved hand-looms and other up to date appliances might do well; and one of the Conjeeveram Weavers' Societies has achieved a moderate success on this

principle. But a factory does not in itself solve the main difficulty, that of buying and selling; and it is doubtful if much better results in other directions are obtained in a factory than could be obtained in a society of weavers working with improved appliances in their homes. And it may be added that co-operative societies of all kinds are found to be admirably receptive of new ideas for the improvement in the appliances and methods of their members' occupations, whether agricultural or industrial.

5. *Agricultural societies.*—The few so called agricultural societies other than credit societies in this Presidency are of several types. There is first the village agricultural society which purchases the agricultural requirements of its members co-operatively. There is really little need for such a type as purchases of all kinds can be done perfectly well by an ordinary credit society; and it is not likely that societies of this type will increase. Secondly we have agricultural societies which approximate to trading unions, with a share capital contributed both by individuals and also by affiliated primary credit societies, which buy the requirements of their members both by indent and at the society's risk, whether agricultural or otherwise, but with special attention to the improvement and cheapening of agriculture. These societies also aim at selling the produce of their members. They are a particularly go-head type of which much may be expected. Some of them are attempting factory operations; such as the mechanical preparation of bone meal and phosphatic manure for their members' use (at Nidamangalam in Tanjore district), or the ginning of their members' cotton (at Kallakurchi and Tindivanam in South Arcot). The crushing of their members' sugarcane and the decortication of their members' ground-nut and the hulling of their members' paddy are also contemplated. Such societies (and indeed all rural societies) are admirable channels for the diffusion of improved agricultural practice and are used for that purpose by the Agricultural Department to an increasing extent. There are several other agricultural societies of various types. Two in the Kistna district have recently been organized for toddy tappers for the co-operative sale of the members' jaggery combined with co-operative credit. Another society has taken a co-operative lease of agricultural land. One village agricultural society has bought an expensive disc plough for hire to its members. Another society proposes to lease out to its members steel crushers for their sugarcane. Thus, in various ways other than credit, co-operation is finding a way to benefit the agriculturist.

6. *Building societies.*—Societies for house-building are a great desideratum. Housing conditions are often bad and sometimes deplorable in

both towns and villages and it is often felt that these conditions might be, and ought to be, improved by co-operation. The great difficulty, however, is one of credit.

7. *Two main forms—(a) Where each member is owner of his house.*—There are two main forms of co-operative building societies. The first is a society in which each member becomes the *owner* of the house he lives in. This is essentially a mere extension of ordinary co-operative credit, the society obtaining a loan and passing it to the members, with a margin of profit. The society's security as against the member is the member's share capital and deposits (if any) and a mortgage on his house and lands. And the creditor's security against the society is the society's share capital with the collateral security of the mortgages which would be, presumably, made over to the creditor. It is true that in such a society other co-operative activities besides credit would be manifested, since economy could almost certainly be secured by a joint purchase of materials and perhaps by joint building through one or more contractors. But it is essentially, as noted above, an extension of ordinary co-operative credit. It would have to be treated on a basis different from our ordinary credit societies. Such building societies would be ordinarily on a limited liability basis; and in lending to limited liability societies, we follow the rule that a society should not borrow more than eight times its paid up share capital. But it is to be feared that in building societies for poorer people (with which we are primarily concerned) we should have to extend this multiple considerably, since it is not likely that such people would be able to put up—at any rate at the beginning—anything like this proportion of the cost of their houses and indeed, the most successful of our building societies hitherto have done most of their business with people of the well-to-do classes. In societies for the poor it will be necessary to have a decent subscribed share capital which would be made as high a proportion as possible of the loan to be taken; but it will also be necessary as a rule, not only to lend a high multiple of the subscribed share capital but also to allow payments of share capital to be made in instalments continuing over a period of years, whereas the loan must be taken at once or nearly so.

8. (*b*) *Where the society is the owner-tenant co-partnership.*—The second type of society is called the tenant co-partnership society. Here the houses are owned by the society which merely leases the houses to the members. There is no question of individual loans to members, and the whole liability falls on the society. Naturally, the land and houses are mortgaged directly by the society to the creditor.

9. *The two forms compared.*—The points to be considered as between these systems seem to be as follows:—

(*a*) In the co-partnership system, the member—since he does not *own* his house—has a much less free hand in what he will do with it. He can't add to it or improve it without the permission of the society. He may even be turned out of it (though presumably this could only be done by the general body for bad conduct). He cannot sell it or mortgage it (perhaps not a grievance, as he has not paid for it). But on the other hand, he has not got it "on his-hands" and can sever himself from it and from the society at will—subject to necessary notice and other limitations.

(*b*) Since the member cannot sell his house, the society can always decide who shall live in the settlement and who shall not. This is a considerable advantage, as it can therefore exclude bad characters or other undesirables.

(*c*) The society is under the obligation of keeping its houses full i.e., of finding tenants. This is a disadvantage from the society's point of view, since the locality may have been badly chosen and may not prove popular. On the other hand, this will be a stimulus to the society to keep the settlement clean and attractive.

(*d*) The society will find it simpler and easier to spend money on the *general* improvement of the amenities of the place. Such expenditure is of course not impossible in a society of the other type but would involve more complications.

(*e*) The society will be able to take loans for *much longer periods.* In a society of the other type, it is hardly practicable to make the payments go on from generation to generation. The circumstances of families change in time; and it is repugnant to common sense that an individual should, to build a house, involve himself in a personal debt, lasting for more than, at the outside, 20 or 25 years. A co-partnership society, on the contrary, may expect, if not immortality, at any rate a much longer life than the adult life of an individual and can therefore reasonably borrow for a much longer period. This is a most important factor since *the period of repayment being longer, the instalments* payable by the society (and therefore by the individual) *become smaller*; or, in other words, the individual has to pay less per month for the privilege of living in his house. It is true the individual does not become the owner of his house, being only (like the other members) part owner of all the houses. But the smaller payment—especially in the earlier years—will be a great relief.

5

(*f*) The difference in the security may perhaps be little. But it is arguable that a loan to a co-partnership society with a direct mortgage on the land may be more attractive than a loan to a society backed by made over mortgages given by individuals to the society. The individual *might* play tricks which no society could or would and might thereby cause a lot of trouble.

10. *Will co-partnership succeed in Madras?*—It is perhaps unlikely that our Madras people would accept a co-partnership system except in the large towns; and even there, it is doubtful. But such societies are said to be doing well in Bombay; and they are certainly advantageous to poor people who can't pay much per month towards buying a house, and to floating populations which do not wish to own a house. On the other hand, it is generally said that the Madrasee prefers to *own* his house, and would not trouble to join a society merely for the privilege of leasing one. This is a subject on which the opinions of gentlemen who know the people of our towns intimately would be of much value.

11. *Essentials of a building society.*—Whether a housing scheme will succeed depends on the answer to the question whether (given a body of men anxious to form a society) we can reckon on getting money cheap enough and a type of house cheap enough to make it possible for the members to pay the rent or the instalments necessary to pay for the houses within a reasonable period.

12. *Existing building societies.*—The building societies which have done most work hitherto (Coimbatore and Kumbakonam) have found it impossible to do more than assist the well-to-do. They have hesitated to give loans for more than ten years or at less than $9\frac{3}{8}$ per cent, and it is clear that to repay the cost of a house *plus* interest on these terms involves a very high rate of instalments. The Government have recently promised financial aid to building societies for the poorer classes and a scheme for their organization is under consideration. A society for a poor class (the Ottachekkars) in Coimbatore was recently organized with the aid of a Government loan through the Municipal Council, and building operations are now going on. The type of house preferred by the poorer members is to cost about Rs. 500, the money is lent to the society at 6 per cent and the members at $7\frac{1}{2}$ per cent and the repayments are to be completed in 20 years.

13. *Cobblers' societies.*—Two cobblers' societies (in Tiruvannamalai and Madras) have recently been formed. They aim at the co-operative purchase of leather and the co-operative sal of the goods produced by their members. The Tiruvannamalai society has been a great success

and recently executed a large order (for nearly Rs. 20,000) for Government sandals. The share capital and deposits of members amount to nearly Rs. 400. The Madras society is yet in its early stages.

14. *Madras Provincial Union.*—This brief description of co-operative work in this Presidency would not be complete without a reference to the Madras Provincial Union which was started in 1914 by some enthusiastic co-operators with the object of co-operative propaganda, the organization of societies and the safeguarding, generally, of the interest of the co-operative movement. Its membership is open to societies and to individual members, whether members of other co-operative societies or not, and its headquarters are at Madras. It is governed by a large directorate residing in different parts of the Presidency and, subject to delegation from the directorate, by a small committee residing mainly in Madras. Its most important functions hitherto have been (*a*) editing the Madras Bulletin of Co-operation, a monthly journal issued in English, Tamil and Telugu, and (*b*) organizing an annual provincial conference. The cobblers' society at Madras mentioned in the preceding paragraph was organized by the Secretary of the Union.

CHAPTER VIII.

THE WORK OF THE CO-OPERATIVE DEPARTMENT.

Supervision and audit.—The public is keenly interested in the spread of co-operation and in the successful working of the societies. It is not merely that the public has indirectly contributed large sums to societies and has assisted them in other ways through the concessions granted under the Act. It has, indeed, to satisfy itself that these concessions are being earned, or in other words, that the societies are being properly run. But over and above this, it believes in co-operation as a great engine for the moral and material improvement of the people and is willing to spend public money in this work of spreading the benefits of co-operation throughout the country and in helping the societies in their work. Thus the work of the co-operative department and of the increasing number of private gentlemen who are willing to assist the department with their honorary services consists partly in spreading co-operation by creating new societies (organization); partly in helping and advising societies (supervision); and partly in inspecting societies to see that they are working properly (audit).

2. *Mutual supervision among societies.*—But apart from the activities of the department and of un-official sympathisers with co-operation, a great deal of work both in organization and supervision is done by co-operators themselves. It is the essence of co-operation that a co-operative society should look after its members and that the members should look after each other. It is equally a principle of co-operation that just as the members of a society influence and improve the conduct of each other by mutual supervision, so also societies can influence and improve each other's working if they accept the mutual responsibility of supervising each other. Thus we find societies grouped together into "unions" of various kinds for the purpose of mutual supervision and help. And when societies find themselves associated for these purposes, it is a natural extension of their activity to attempt to spread the gospel to which their own members owe so much among others. We thus find a good deal of organization and a great deal of supervision done by "co-operators" themselves.

3. *Two types of unions—(a) Banking union.*—The two main types of unions that have attempted supervision in this Presidency are the "banking union" and the "local union." The former is identical with the central bank which, in addition to the duty of financing societies, undertake to supervise them. And, as in nearly all central banks, the societies which deal with them are admitted as shareholders, the arrangement that the bank shall supervise societies is often held to mean that the societies shall supervise each other. The area covered by these banks is, in the majority of cases, a revenue district.

(b) Local union.—The latter is a smaller affair and consists of a body of some twenty or thirty societies in a small local area (on the average, perhaps, of the size of a taluk) which unite solely for the purpose of mutual help and supervision. Both types of unions employ "supervisors" to inspect and report on the societies, and both obtain their money from a "supervision fund" which is compiled out of contributions from the societies of $\frac{1}{2}$ per cent on their working capital and from the bank of $\frac{1}{4}$ per cent on the money lent by it to societies.

4. *The two types compared.*—Experience seems to indicate that the local supervising union is the more effective of these bodies, because it is this organization which most effectually enlists the sympathy and co-operation of the village co-operator. The supervision of a banking union tends to be confined to that of its paid supervisor, over whom little control can, as a rule, be exercised, as the directors find it difficult to visit societies personally. It is also found, in practice, that rural societies are far more amenable to discipline and suggestion from members of other

village societies, who are ryots like themselves, than to the advice of a bank's paid supervisors or even of sympathisers from the towns. And it is also found that leading ryot co-operators are more willing to take trouble to work for a small local organization in which they hold a predominant position than in a large district organization in which they are more or less insignificant. And indeed this fact appears to be conclusive as to the respective value of the two systems, since the efficiency of co-operative supervision over rural societies varies (and, it would seem, must vary) directly with the degree to which it can enlist the best efforts of the leading ryot co-operators in the task. Two other factors probably enter into the question. The first is that the banks tend to confuse with the duty of supervision for mutual help the duty of satisfying themselves as to whether they can safely lend their money to the societies. This latter duty, no doubt an important one, tends to invest their inspections with the guise of a taskmaster rather than that of a guide, counsellor or friend. The second is that the democratisation of our banks is so far, as already noted, rather incomplete. The individual shareholder must necessarily still take a predominant part in the financial management of the bank, and where a bank also undertakes supervision, the individual shareholder still retains his predominant position in the eyes of the villagers; and there is a tendency that the societies feel that they are not being supervised by their fellows but by the individual shareholders of the bank. And this they are apt to resent.

5. *Growing popularity of local unions.*—In most districts the two organizations are growing up side by side; but the banks are more and more surrendering the duties of direct supervision to the local unions. Indeed, experience seems to demonstrate that it is necessary to do so. Societies work better under union supervision, and the better the societies work, the better and safer is the investment of money with them. It is, therefore, to the interest of banks to rely on the unions, and while retaining the power to inspect societies for the purpose of satisfying themselves as to the safety of their investments, to abstain as far as possible from the exercise of that power, to recognize that the more the unions are left to themselves, the better they will work and the safer the bank's money will be, and largely to confine themselves to a sympathetic interest in the progress of the unions and to timely words of friendly advice. The situation was summed up to the present writer by one of the most distinguished rural co-operators in the Presidency in the words: "If the bank tries to wield authority over the unions, the unions simply won't work." That is a sentiment that will find an echo in many democratic hearts.

6. *Need for a larger organization for co-ordinating local unions.*—At the same time, it is often recognized that there is a need for some larger organization than the unions which can co-ordinate their work and, where necessary, moderate anomalies and may ultimately lead to a larger and truly democratic organization. It is desirable, for instance, that the unions should have some opportunity of meeting and comparing notes and of learning from each other; and this can perhaps best be secured through a common organization to which all belong. There are, again, cases in which the different unions in a district are very differently situated with regard to funds, some having more than they want and others not being able to pay their way. And it is desirable that some one should be in a position to arrange for contributions from the one to the other.

It is not necessary to multiply instances of this sort, as it is sufficiently clear that some further application of the principle of unity among the unions, which will enable them to look after each other and to think and act together, is much to be desired.

7. *Which must be based on willing acquiescence of local unions.*—Experience will no doubt dictate in time what is the best form for such an organization. It would seem, however, a postulate for its success that it should be based on the willing, unforced and hearty acquiescence of the unions and should in no way trench upon their individuality, responsibility or self-respect. The back bone of rural co-operation lies, and must always lie, in the work of the leading ryot co-operators. It is this fact which, as noted above, constitutes the outstanding value of the local union, since it is in the local union that such men find the best scope for their activities. And any scheme for unity or harmony among the local unions would do more harm than good if it impaired the individuality of the unions or destroyed the sense of responsibility in the union governing bodies. Unity in such a scheme would be bought at too high a price.

8. *Attempts at co-ordination.*—Meanwhile, unions have been feeling their way towards some means of common consultation and common action. Conferences between representatives of the unions in a district are not uncommon, and sometimes the unions of more than one district meet to discuss the problems in which they are all interested. The allocation of the "supervision fund" between the various unions is settled by such conferences in some districts. In some cases, this is settled by the central bank in consultation with the unions.* Experiments have been

* *Note.*—Practice varies very considerably as to the allocations of these funds. In some districts, it is held that each union has a right to the whole of the half per cent contributed by itself and the quarter per cent contributed by the bank; in others, the unions claim to retain only their own half per cent as a matter of right, the quarter per cent being regarded as a district fund for regulating inequalities. There are also other variations of practice.

made in some districts with a "district council of supervision" on which the central bank and the unions are alike represented and which receives and administers a portion of the "district supervision fund." The most successful of these councils has been that in North Arcot district which has recently reconstituted itself into a council of unions only, without representatives of the bank.

9. *Management of a local union.*—The local union is managed by a small governing body elected by the representatives of the affiliated societies. It employs a supervisor who is constantly on tour inspecting societies and who sends inspection reports to the secretary of the union. These are placed before the governing body, which meets periodically and issues instructions and advice to the societies. The visits of the supervisor are supplemented by visits from the governing body members themselves, who go round the societies and use their personal influence with the members. It need hardly be said that such visits are of great value.

10. *Relation of local unions to societies.*—The unions are not legally responsible for the debts of their affiliated societies and give no "guarantee" for these debts, as is done in some provinces. But they accept a moral responsibility for the proper conduct of the societies and for the prompt payment of their debts and take considerable pride in doing their work well. It is the general practice that all applications for loans from its affiliated societies are sent to the bank through the local union and that the bank accepts the recommendation of the union as to whether the loan should be given or not. Again, extensions of time to debtors cannot be given by a society to its members without the permission of the union. But apart from these powers, the union can exercise very considerable control over its societies through the personal influence of its governing body members.

11. *Union supervisors and Government inspectors.*—There is naturally some degree of over-lapping between the work of the union supervisors and the Government inspectors. In time, it is hoped the unions will be able to manage with less and less help from inspectors and that the latter will be able to confine themselves to organization and audit, and ultimately to audit alone. Meanwhile, though it is attempted to define the respective provinces of these two agencies, the conditions of the different districts are so varying that the degree of supervision done by inspectors varies considerably also.

12. *Honorary workers.*—Reference has already been made more than once to the way in which the work of the co-operative department has been lightened by the unpaid assistance of honorary workers. Not only

has a considerable amount of supervision and organization been done by the officers of the central banks, but a considerable number of private gentlemen have placed their services at the disposal of the Government as "Honorary Organizers" and "Honorary Assistant Registrars." A great deal of valuable work has been done by these gentlemen, and it is generally desired that their numbers and activities should be increased.

APPENDIX i.

THE ROCHDALE SYSTEM OF CO-OPERATIVE TRADE.

SINCE the foregoing pages were printed, it has been suggested to the writer that a rather fuller treatment of the differences between the Rochdale system and the alternative system often followed in Madras of managing a co-operative store would be welcomed by co-operators. The following note is therefore appended:—

It will be remembered that, broadly speaking, there are two methods of fixing the price at which articles are sold by the society to its members. A society may either take the cost price, add a small percentage to cover its own expenses and sell the article at a retail price representing the cost price *plus* the percentage; or it may sell the articles at or about the ordinary retail market price prevailing in the neighbourhood and may periodically, after meeting its expenses and making a provision for reserve fund, divide the profit as a bonus among the various purchasers in proportion to the amount purchased by them during the period. The latter is the Rochdale system devised some seventy years ago, as the result of many years' experiment by English co-operators. Where every other method had failed, this proved completely successful and has stood the test of time. But inexperienced co-operators are often not able to see much attraction in waiting for an advantage which they think may never come and which is, at any rate, remote and cannot be induced to desert the village shop with its specious allurements unless their own society will sell them articles cheaper than they can get them elsewhere. Hence, as remarked on page 28, some of our societies prefer to give their members their profit at once in the form of reduced prices. But this system has its own dangers. All the purchases made by the society are not equally fortunate. Some may be extremely profitable, while others, owing to an unforeseen fall in price, may even result in a loss. And if the profits made over the more fortunate purchase have already been dissipated by selling the articles purchased at cost price, how are the losses incurred over the less fortunate purchases to be recouped? Will the members be willing to buy these articles at a rate higher than the market rate? It is much to be feared they will not. And if they are sold at a loss, what is the position of the society? It is little to be wondered at that some of our stores work at a loss. And how long can a society bear such losses?

Moreover so long as a society works on a system of selling at or near cost price instead of at or near the market retail price, it is difficult to judge fairly whether a society is working properly or not; since a part of the profit goes direct to the members and never appears in the accounts at all. Under the English system, however, the whole of the profit is shown in the accounts and it is possible to see at once the extent to which the society has benefited the members.

It has been stated on page 28, but the point might well be further emphasized, that the Rochdale system has the further advantage of helping the members to save. The importance of stimulating the habit of saving among our co-operators can hardly be overestimated. Our societies live far too exclusively on other people's money, especially on the loans from the central banks. And anything which can stimulate the saving of members is much to be commended.

It should be added that the Rochdale system cannot be worked unless the society rigorously restricts the dividend payable on share capital. In some so-called co-operative institutions, the articles are indeed sold at the retail market rate but the profits are devoted not to giving a bonus on purchases but to giving enormous dividends on capital. This, of course, is not co-operation at all. Fortunately in this Presidency, the principle has long been recognized that the dividends on share capital should be limited, and all societies introduce such a limit in their by-laws. In fact, it is recognized that share capital is only entitled to a certain return—or, as the English co-operators say, to 'the wages of capital.' It follows that the rest of the profits of a store should go to strengthening the society and in distributing deferred profits to those who have dealt with it.

It is probable that the disinclination of some of our Madras co-operators to embrace the English system might be removed if profits were calculated and divided at more frequent intervals. This is usually done once a year. It is probable that a quarterly division would be more popular. Men may be unwilling to wait for a whole year for their deferred profits. Perhaps they would not mind waiting three months.

APPENDIX ii.

Statement showing the progress of co-operation during the years 1914–15 to 1919–20.

Particulars.		1914–15.	1915–16.	1916–17.	1917–18.	1918–19.	1919–20.
1. Total number of societies		1,600	1,800	2,216	2,718	3,676	5,027
Central banks including Provincial bank		10	11	14	20	26	30
Number of agricultural societies		1,442	1,602	1,921	2,292	3,082	4,218
Number of non-agricultural societies		128	157	224	332	465	641
Number of store societies		11	13	15	32	60	87
Number of trading unions		..	..	..	..	21	47
Number of weavers' societies		1	1	2	7	12	21
Number of building societies		8	8	10	10	11	14
Number of agricultural purchase and sale societies		8	8	12	17	31	58
Number of agricultural production and sale societies		..	..	2	2	2	2
Number of primary societies brought under union control		About 400	604	1,758	2,415	2,826	3,540
2. Total number of members of all societies		118,726	136,286	163,121	191,041	244,297	329,886
Average number of members per society		74·2	75·7	74	72	68	67
3. Number of Assistant Registrars		4	6	7	8	9	18
,, Inspectors (including chief inspectors)		54	54	54	54	85	247
,, unions		20	31	57	74	103	138
,, supervisors employed by unions		12	25	63	76	112	127
4. Working capital of all societies in lakhs		140·89	168·89	204·99	234·92	305·79	394·25
Paid-up share capital of all societies in lakhs		13·69	16·12	20·49	26·13	34·69	50·24
Reserve fund of all societies in lakhs		8·06	8·49	9·62	11·18	14·65	17·42
5. Net profit of non-agricultural societies	RS.	86,958	78,788	1,14,972	1,52,974	1,62,698	1,78,128
Net profit of agricultural societies	,,	1,42,615	43,740	39,013	47,134	16,652	44,659
6. Deposits locally obtained by non-agricultural societies	,,	9,67,780	13,49,998	16,73,141	20,22,622	26,79,668	33,73,500
Deposits locally obtained by agricultural societies	,,	6,22,440	7,29,120	8,52,472	9,00,690	10,76,558	13,09,818
7. Loans from central banks and other societies to non-agricultural societies	,,	1,81,376	1,84,020	2,68,341	3,67,354	5,36,275	8,35,820
Loans from central banks and other societies to agricultural societies	,,	49,94,254	57,62,772	68,32,215	76,14,076	95,60,777	1,23,30,362
8. Percentage of uncollected balance of principal (current and arrears) in central banks		18·77	23·52	14·85	12·27	14·16	10·30
Percentage of uncollected balance of principal (current and arrears) in non-agricultural societies		10·76	9·41	9·00	9·24	11·11	11·01
Percentage of uncollected balance of principal (current and arrears) in agricultural societies		38·33	31·68	28·76	24·46	24·50	23·78
9. Total sales by stores	RS.	7,22,601	6,94,026	6,81,600	8,03,711	18,11,569	23,43,078
10. Total joint purchases by agricultural societies	,,	..	..	..	13,856	3,00,000	6,18,415
11. Total joint sales by agricultural societies	,,	..	..	..	7,125	57,918	1,11,641

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